

BETWEEN A ROCK AND A HARD PLACE? - MIDDLE MANAGERS' SENSEMAKING IN POST-MERGER INTEGRATION

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Abstract

Studies on mergers and acquisitions have in recent years taken more into consideration the crucial role middle managers have in the integration process and how that role can be taken into account to improve the success of the integration. Middle managers are important in implementing change especially during post-merger integration, since they are both recipients and deployers of the change plans. Additionally, individuals faced with a change, such as a merger or acquisition, use sensemaking when attempting to understand the meaning of the announced change as well as its effect on them and their role in the organization.

The objective of my research is to study the sensemaking of middle managers in a merger of two Finnish restaurant industry companies. Literature on sensemaking, post-merger integration as well as the role of middle managers in organizational change will form the framework of the thesis. Through this research, I hope to understand better how middle managers experience post-merger integration. Thus, helping in planning better integration processes in the future.

The empirical research is conducted by a single case study of a merger in the integration phase. Empirical material is gathered through in-depth interviews, with observation and internal written material acting as additional data sources.

My findings illustrate that in post-merger integration, middle managers make sense of the situation in many different ways, tend to remain neutral to the overall process instead of straightforward acceptance or resistance, but are very adamant on aspects that threaten their identity.

Keywords M&A, post-merger integration, sensemaking, middle manager

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Tiivistelmä

Fuusioiden ja yritystojen tutkimukset ovat viime vuosina ottaneet enemmän huomioon keski-johdon keskeisen roolin integraatioprosessissa ja miten tämä rooli voidaan ottaa huomioon integraation onnistumisen parantamiseksi. Keskijohtajat ovat tärkeitä muutoksen toteuttamisessa erityisesti yhdistymisen jälkeisen integraation aikana, koska he ovat sekä muutossuunnitelmien vastaanottajia että toteuttajia. Lisäksi henkilöt, jotka kohtaavat muutoksen, kuten yritystojen tai fuusion, käyttävät sensemakingia, suomeksi karkeasti käännettynä merkityksellistämistä tai järjeistämistä yrittäessään ymmärtää ilmoitetun muutoksen merkitystä sekä sen vaikutusta heihin ja heidän rooliinsa organisaatiossa.

Tutkimukseni tavoitteena on tutkia keskijohtajien kokemuksia kahden suomalaisen ravintola-alan yrityksen fuusiossa. Kirjallisuus sensemakingista, yritystojen integraatiosta ja keskijohtajien roolista organisatorisessa muutoksessa muodostavat lopputyöni puitteet. Tämän tutkimuksen avulla toivon ymmärtäväni paremmin, miten keskijohtajat kokevat yritystojen integraation. Näin autetaan suunnittelemaan parempia integraatioprosesseja tulevaisuudessa.

Empiirinen tutkimusmateriaali koostuu yksittäisestä tapaustutkimuksesta yritystojen integraatiotaiheesta. Empiirinen aineisto kerätään syvällisten haastattelujen avulla, ja havainnointi ja sisäinen kirjallinen materiaali toimivat lisälähteinä.

Tulokseni havainnollistavat, että yritystojen integraatiossa keskijohtajat ymmärtävät tilanteen monin eri tavoin, ovat yleensä neutraaleja koko prosessille suoran hyväksynnän tai vastarinnan sijasta, mutta suhtautuvat antaumuksella asioihin, jotka koskevat heidän identiteettiänsä.

Avainsanat yritystot, integraatio, sensemaking, keskijohto

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in post-merger integration**

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1. Introduction

It happened one April morning. We had known that a change was coming, it had been talked about for almost a year. We knew that the private equity company that owned Royal Restaurants, the restaurant company we worked for, was going to sell, one way or another. But we had expected another private equity company or maybe for the company to be listed. What we didn't expect was this particular merger. We didn't expect Restamax, the restaurant industry giant, to buy us. What will happen now? How will this change things? Will I still have a job? These were all questions that started forming after the news. Middle managers, meaning not the top management, but the restaurant managers, head chefs and others responsible for one or several units, were in the hardest turmoil. They had to address their staff and customers who all had questions, but they didn't know anything more than what had been told to the general public. They had to make sense of the change then and would have to do so throughout the implementation process.

Middle managers can feel caught between a rock and a hard place. There are two realities to understand about middle managers' role in this process. On one hand, they're responsible for managing their team who are looking to them for assurance that the change is okay, and they need to make sure their team knows about the latest changes. On the other hand, they're also dealing with the change themselves. They may not be happy with a decision that has been made, but they might hesitate to say that to their team. Their managerial support is essential to change success. As a manager, they have the unique power of influence over their people, whether or not they have a role in a change project team. Their openness to change, their guidance through change, and their support of their team impacts the team's ability to make the change. But they're in a tough place. Change can leave them stuck in the middle.

The merger and acquisition (M&A) failure rate is at a staggering height of somewhere between 70% and 90%, but still companies spend more than \$2 trillion on acquisitions every year (Christensen et. al, 2011). However, Epstein (2005) argues that the evaluation of what caused the failure has often been trivial and the assessment of success poor. He continues, that many researchers have taken the finding that most mergers fail at face value, and moved on to search for causes of said failure (Epstein, 2005). The large failure rates are contributed to, for example, the complexity of acquisitions, culture clash, lack of synergies, and flawed strategy (Gomes et al., 2013; Epstein, 2005). Even though their role is

under-researched (Huy, 2002), middle managers play a key role in making change happen (Floyd and Wooldridge, 1997). When big organizational changes are made, middle managers are in a tough spot as they need to execute the decisions of top management, without necessarily having the ability to influence said decisions. Middle managers are both recipients and deployers of the plans designed by their seniors (Floyd and Wooldridge, 1997), which is why they are so important in implementing change. We need to understand how managers outside the senior management react and respond to top-down change plans in order to understand how change develops (Balogun and Johnson, 2005) and is eventually implemented throughout the organization. A better understanding of the role middle managers play in post-merger integrations could shed some more light to the reasons behind merger success or failure.

The purpose of this qualitative study is to increase our understanding of implementing big strategic change initiatives by focusing on middle managers' role in post-merger integration. More specifically, how they make sense of the integration process. I want to know how middle managers understand and are affected by the change in their organization and consequently what could be done to make the integration process smoother for all in the organization. I believe that understanding better the role of middle managers in post-merger integration process can help to lessen the rate of M&A failures.

1.1. Research gap

How corporate acquisitions perform has been a topic of interest for some time to researchers in multiple fields, such as management, finance and industrial economics (Zollo and Singh, 2004). However, studies that focus on financial or strategic aspects of merger success have proved inadequate in delivering sufficient explanations of merger consequences (King et al., 2004). Therefore, researchers as well as practitioners are concentrating more and more on the human side of the integration of mergers and acquisitions, in addition to task integration (Sarala et al., 2016). Task integration concerns integration of synergies, operations and tasks and it is measured in terms of transfers of capabilities and resource sharing, whereas human integration refers to the role employees, human resource management practices, social processes, and culture have in M&As and is concerned primarily with generating satisfaction, and ultimately a shared identity, among the employees from both companies (Birkinshaw et al., 2000; Sarala et al., 2016). Human integration, in particular, is seen as a significant element of the overall success of a merger (Birkinshaw et al., 2000).

There have also been calls for increasing the role of qualitative methods in M&A research (Cartwright et al., 2012; Sarala et al., 2017). According to Sarala et al. (2017) qualitative data based on in-depth interviews can increase our understanding of the dynamics around the human side in M&As and assist in the analysis of the construction, development, and interaction between identity and emotional dynamics in M&As (Sarala et al., 2017). Cartwright et al. (2012) found that the majority (60,6 %) of articles published on M&As in top-ranking management journals between 1963 and 2009 concern strategy and only around one third (33,8 %) discuss M&A management, including the process of pre-deal management, post-merger integration, human side of M&As, cultural issues, or knowledge related perspectives. Moreover, in the same study, they discovered that only 16,1 % of the studies were done using qualitative methods. Consequently, they call for more qualitative research on M&A processes and management (Cartwright et al., 2012). In my study I will focus on the post-merger integration phase as well as the human side of M&As and bring qualitative empirical evidence on these issues.

Studies have acknowledged the agency of those outside the senior management team in periods of change and emphasized the need to understand how change develops by recognizing how these managers react and respond to change plans developed by their seniors (Balogun and Johnson, 2005). Demands to recognize the influence on strategy formation of people not in the senior management team and to better comprehend the role of social processes (Balogun et al., 2003), go hand in hand with growing proof that middle managers play an important role in strategizing (Floyd and Wooldridge, 1997; Huy, 2002). However, there is still a lot to be understood on the strategic role of people outside of top management (Balogun and Johnson, 2005), the processes organizational members go through in merger integration (Seo & Hill, 2005) or how specific characteristics of a merger deal are perceived by employees and how these characteristics shape their attitudes and reactions (Marmenout, 2010). Consequently, I will examine a range of contextual factors in the integration process (i.e. deal structure, cultural distance, and M&A experience) and how they affect middle manager sensemaking.

Middle management literature remains fragmented (Wooldridge et al., 2008) and there is a need for further research of the construction and management of middle managers' roles during organizational change to get a better understanding of the impact both micro-interactions and macro-organizational structures have on the experiences of individual middle managers in organizational change (Bryant and Stensaker, 2011). When studying ambiguous situations such as mergers, a sensemaking perspective can be particularly useful (Vaara, 2000, 2003). We need to recognize how middle managers

interpret change, how their sensemaking develops and changes and how they shape that change without senior management present (Balogun and Johnson, 2004). Assuredly, when attempting to understand the meaning of the announced merger as well as how it affects them and their role in the organization, employees will engage in cognitive processes such as sensemaking (Stensaker et al., 2008; Weick, 1995).

Most of M&A research is done from the acquirer's perspective (Graebner & Eisenhardt, 2004), even though the inclusion of both M&A partners better reflects the integration of both companies and the M&A outcome (Bauer et al., 2016). Prior research has generally viewed post-merger integration as a process that 'happens to' the target firm, rather than as an activity in which the employees and managers of the target are active and essential participants (Graebner & Eisenhardt, 2004). This thesis contributes to these developing insights by examining the role of middle managers in post merger integration from both acquirer and target, more specifically how they make sense of the integration process by using the following research question:

"How do middle managers make sense of the post-merger integration process?"

My approach differs from previous research efforts in three ways. Firstly, my study focuses on the implementation process of the merger and the human aspect of sensemaking as opposed to the financial or strategic aspects of merger success. Secondly, I examine a range of factors in the integration process (i.e. acquisition experience, merger type and cultural distance) that affect middle manager sensemaking instead of focusing on one specific M&A integration characteristic. And thirdly, the empirical material includes qualitative interviews from both sides of the merger, meaning the acquirer as well as target.

1.2. Case introduction

I conducted my research as a single-case study. As the empirical material for this study, I will use a case of a recent merger in the Finnish restaurant industry. Restamax Plc ("Restamax") bought RR Holding Ltd ("Royal Restaurants" or "Royal") in April 2018 with 90M euros. The new restaurant company (referred to in this study as the "Group") will be one of the largest restaurant groups in the Nordic countries. The merger integration was planned to be executed during the end of 2018 and beginning of 2019. The merged company's new name, Nordic Hospitality Partners ("NoHo Partners"), was announced in the general meeting in 19.12.2018. NoHo Partners estimates that in 2019 it will save at least 6M€ by combining and enhancing operations. It has gone through negotiations under the Act on

Co-operation within Undertakings and shut down unprofitable units. Moreover system integration is mostly completed and for example HR and finance processes have been unified. The newly merged company announced that its aim is to grow rapidly into a major restaurant company in Northern Europe in the next few years (Eskola, 2018).

The case offers an interesting setting for this study as I was able to interview middle managers from both the acquiring company and the target. Thus, I can get a more holistic view of the middle manager sensemaking in the post-merger integration process. Moreover, both companies have used acquisitions as a big source for their growth and therefore there are interviewees who have been part of many acquisitions prior to the one studied, bringing the unique view of a serial target or serial acquirer into the study. Furthermore, even though this is an acquisition, because of the size and market position of the target, it has been discussed more as a merger of equals. This adds another layer to the case as notions of equality have to be considered in the integration process.

I gathered empirical data through 6 one-on-one interviews. I have a special role in this study as I have a history working in one of the merger partners myself. Therefore I can add an auto-ethnographical layer to the study, but I also have some bias that I need to address. I believe that this thesis could help understand how middle managers experience the integration process and through that find out how it could be improved to make the implementation process more beneficial to the organization as a whole. That would help the newly merged company improve their odds of a successful post-merger integration and plan better integration strategies for future acquisitions that their current growth strategy is very likely to include.

1.3. Structure of the thesis

This thesis is structured as follows. After the introduction, I will introduce and discuss relevant literature regarding my research question. My study of middle manager sensemaking in PMI is influenced by two concepts: post-merger integration processes and sensemaking literature. Within those concepts I will cover relevant literature that has studied middle managers' role previously and draw conclusions as to how they affect my study. These two concepts motivated the research question, directed the data collection and aided the analysis of the empirical findings.

In the first part of the literature review, I will go over research on post-merger integration. I will cover what factors influence the integration process and focus especially on aspects related to the chosen case, which are organizational identity, mergers of equals as well as

serial acquisitions. I will then concentrate on the role middle managers play in organizational change such as post-merger integration. In the second part of the literature review, I will cover sensemaking literature. I will offer a definition of sensemaking and a look at sensemaking related constructs. I will then concentrate on sensemaking in change and sensemaking in M&As. Then I will focus especially on middle managers' sensemaking. Finally, I will attempt to combine these streams of literature to my theoretical framework of sensemaking of middle managers in post-merger integration. This framework acts as the base for my analysis and discussion.

After the literature review, I will go over the methodology and research methods taken to unravel the case. I will cover my research design, explain the research context and my own role in the process, as well as introduce the interview and data analysis techniques. I will then present the results of my research in the form of the integration story and sensemaking triggers discovered from the interview data. Consequently I will discuss the inductive findings of my empirical research and discuss them with a deductive manner, and finally I will offer some conclusions including the theoretical contribution of this study, the managerial implications, limitations of my study as well as suggest further research on the topic.

1.4. Key terms

There are a few key terms that are used throughout this thesis that I will define below.

M&A

Mergers and acquisitions (M&A) is a general term that refers to the consolidation of companies or assets through various types of financial transactions, where there are always two companies involved. M&A can include a number of different transactions, such as mergers, acquisitions, consolidations or purchase of assets. The terms merger and acquisition mean slightly different things, though they are often used interchangeably. When one company takes over another and clearly establishes itself as the new owner, the purchase is called an acquisition. A merger happens when two firms, often of about the same size, agree to go forward as a single new company rather than remain separately owned and operated. In this thesis I mainly use the term M&A to refer generally to all types of consolidations and merger to refer to a unison of two relatively equal partners. (More detailed description of merger in Chapter 2.7)

Post-merger integration

Post-merger integration (PMI) refers to the part of the M&A process in which the assets, personnel, and business activities of the two companies participating in the merger are combined. The post-merger integration is the period after the closing of the merger agreement and may take between a few months to multiple years after the merger agreement is signed, depending on, among others, the size and integration strategy of the M&A.

Sensemaking

Literally, sensemaking means the making of sense. Sensemaking is the process of social construction that happens when individuals' ongoing activity is interrupted by divergent cues. It involves the development of conceivable meanings that rationalize what people are doing. Sensemaking is grounded in identity construction, retrospective, enactive of sensible environments, social, ongoing, focused on extracted cues and to do with plausibility rather than accuracy. (More detailed description of sensemaking in Chapter 3)

Middle manager

Literature is not exactly consistent with the definition of middle manager. From a functional perspective middle managers can be defined as managers responsible for the coordination of an organizational unit's day-to-day activities with the activities of vertically related groups or from a hierarchical point of view as those managers who operate "two or three levels below the CEO. In this study, I refer to middle managers as those management positions that are situated between top managers in the executive team and first-line supervisors. (More detailed description of middle managers and their role in Chapters 2.7. and 3.5.)

2. Post-merger integration

Due to globalization, hypercompetition and accelerated technological change, for many companies rapid strategic change is a necessity. Mergers and acquisitions are an appealing way for managers to achieve that change (Bower, 2001). According to Christensen et al. (2011), mergers primarily fail for two reasons. The first reason is that executives overpay for acquisitions because the price paid and the strategic purpose of the deal are misaligned. Moreover, when pricing a deal, CEO's often tend to overestimate the expected business improvements. The second reason, and the one my thesis focuses on, is that acquisitions are integrated in the wrong way and integrations are poorly executed. The authors argue that executives can radically increase their odds of success, by understanding how to select targets, how much to pay for them, and whether and how to integrate them. Furthermore, Bower (2001) stresses the importance of assessing the acquired group's culture and how it fits together with the culture of the acquirer.

In the next sections I will review the literature on PMI and how that influences the M&A outcomes. I will focus on specific attributes that are relevant to my case, such as identity, merger of equals and acquisition experience. In addition, I will discuss the role middle managers play in organizational change such as post-merger integration.

2.1. PMI process

The broad objective of literature on post-merger integration (PMI) process is threefold: “to describe the integration actions pursued by managers; to understand the impact of these actions on the acquiring and acquired companies; and to explain how the process leads to value-creation” (Birkinshaw et al., 2000, pp.395).

There has been an assortment of research discussing different aspects of M&A integration, but none has sufficiently addressed Schweiger and Goulet's (2000) concern that the field needs a comprehensive understanding of M&A integration. The literature includes general reviews on M&A (e.g. Gomes et al. 2013) or individual subtopics of M&A integration such as leadership (Junni and Sarala 2014), culture (Schoenberg 2000; Stahl and Voigt 2008, ref. Steigenberger, 2017) international acquisitions (Ghauri and Buckley 2003, ref. Steigenberger, 2017), and social identity (Ullrich and van Dick 2007, ref. Steigenberger, 2017).

Scholars have also conceptualized and measured M&A integration in several ways (Faulkner et al., 2012; Haspeslagh & Jemison, 1991; Stahl & Mendenhall, 2005, ref. Graebner et al., 2017). In one view, PMI is understood as a set of actions. For example, Cording et al. (2008) explain integration as “the managerial actions taken to combine two previously separate firms” (pp. 744). Furthermore, Pablo (1994) describes PMI as “the making of changes in the functional activity arrangements, organizational structures and systems, and cultures of combining organizations to facilitate their consolidation into a functioning whole” (pp. 806). Other authors have viewed PMI as an outcome, where the two companies’ roles and undertakings are physically merged (Heimeriks et al., 2012), the acquirer’s and target’s practices are combined (Vaara et al., 2012), or the target company is completely integrated to the acquirer and is no longer a stand-alone business unit (Puranam et al. 2006). Graebner et al. (2017) divided PMI research into three areas: strategic integration, sociocultural integration, and experience and learning.

Additionally, others have defined integration to be multidimensional. For example, the dimensions of integration may include “task integration” and “human integration” (Birkinshaw et al., 2000), or “functional integration” and “strategic control” (Reus et al., 2016, ref. Steigenberger, 2017). Steigenberger (2017) presents a systematic review of the literature on M&A integration with three definite aims: First, he suggests an overarching framework for PMI research. Second, his review links the heterogeneous sub-topics of the integration process and offers an overview of progress in the last 30 years. Third, he suggests a contemporary research agenda to guide future work in the field (Steigenberger, 2017).

Graebner et al. (2017) define post-merger integration as “the multifaceted, dynamic process, through which the acquirer and acquired firm or their components are combined to form a new organization” (pp.2). Their definition underlines two characteristics of M&A integration: First, integration involves several subprocesses, some create value by the strategic integration of resources and activities, and others include social and cultural issues. To achieve effective integration, each individual subprocess needs to be managed simultaneously as the dilemmas and paradoxes that come up from interaction between the subprocesses are addressed. Second, the integration process is characterized by complexity, ambiguity, and contradictions as well as being dynamic in nature (Graebner et al., 2017). No matter how well planned, integration will also inevitably involve emergent phenomena, such as unforeseen opportunities (Graebner, 2004) and surprising problems (Vaara, 2003) that change the nature of the integration process profoundly (Graebner et al., 2017).

2.2. Categorizing the PMI process

There have been several models suggested to either categorize the integration attempts into a feasible number of integration archetypes or to round up the key drivers of integration performance. Their main focus has been to minimize the complexity of the PMI process and develop a blueprint for a strategy for integration (e.g. Ellis and Lamont 2004; Liu and Woywode 2013; Nahavandi and Malekzadeh 1988; Wei and Clegg 2014, ref. Steigenberger, 2017).

Haspeslagh and Jemison (1991) developed a 2×2 matrix with the dimensions ‘strategic interdependence’ and ‘need for organizational autonomy’. Their matrix resulted in the classic integration styles of “absorption, where the two organizations become one; preservation, which implies safeguarding the cultural identity of the acquired firm; and symbiosis, which represents a mutual adaptation and amalgamation of the organizations” (pp.29). Larsson and Finkelstein (1999), on the other hand, derived an integrated model of key drivers of integration success, where the combination potential of the M&A affects synergy realization (high, if the synergy potential is high), organizational integration (deep integration, if the combination potential is high) and employee resistance (high, if the combination potential is high). Employee resistance and synergy realization are increased by organizational integration, while synergy realization is affected negatively by employee resistance. Several eventualities (similarity of management style, relative size of the merger partners, if it’s a cross-border M&A or not) complement this approach (Steigenberger, 2017). Zhou, Shin, and Cannella (2008) suggested that employee reactions to a merger are greatly affected by their perceptions (e.g., whether the deal is seen as a threat or an opportunity).

In Bauer and Matzler’s (2014) model, predictors of integration outcome include strategic and cultural fit as well as degree and speed of integration. Miczka and Größler (2010), integrated about 35 individual aspects into their complex model of the varying aspects that are relevant to the integration process, including aspects from employee motivation, capability transfer, cultural change and integration management, but received criticism relating the usefulness of such a complex model (Steigenberger, 2017). Angwin (2012) suggests that no single model cannot offer an explanation for the integration process’s complexity after discussing a broad variety of integration models. Angwin and Meadows (2015) concluded that simpler models are weak because they neglect important processes

and contingencies, but the complex models might become too complex to be useful. Therefore, most studies on M&A integration focus on fixed subtopics, such as integration depth, leadership, cultural distance or experience (Steigenberger, 2017).

There have been many perspectives and theories examining the human side of mergers (Marmenout, 2010). Research has mostly been conducted from three major perspectives. Firstly, the social perspective looks at group dynamics and deals with issues related to social comparison, group membership, and status (Hambrick and Cannella, 1993; Haunschild et al., 1994; Terry et al., 1996, ref. Marmenout, 2010). Secondly, the psychological perspective is based on how the merger affects the individual's coping, commitment and stress levels (Amiot et al., 2007; Schweiger and DeNisi, 1991; Schweiger and Lee, 1993; Väänänen et al., 2004, ref. Marmenout, 2010). Thirdly, the cultural perspective, considered to be the leading theory (Angwin and Vaara, 2005), is based on organizations as a whole and deems culture clashes to be the culprit of reduced performance in M&As (Buono et al., 1985; Burke and Jackson, 1991; Cartwright and Cooper, 1993b; Chatterjee et al., 1992; Marks and Mirvis, 1986; Veiga et al., 2000, ref. Marmenout, 2010).

Furthermore, six beneficial theories (acculturation theory, anxiety theory, job characteristics theory, role conflict theory, organizational justice theory and social identity theory) have been recognized to shed light on the problems experienced in managing M&As as well as the change processes related to it (Seo & Hill, 2005). However, our understanding is still limited on the relation between organizations and their contexts (Angwin & Vaara, 2005) as well as how specific characteristics of a merger deal are perceived by employees and how their attitudes and reactions are shaped (Marmenout, 2010).

In a recent review of M&A integration literature, Steigenberger (2017) built a framework of “topics that independently and conjointly affect integration outcomes” (412). He grouped the topics into *context*, *structural interventions*, *leadership and communication-based interventions* and *collective sensemaking and negotiations*. The integration of an M&A is a dynamic change process, which is why it's important to understand the interactions between the M&A context and managerial interventions (Steigenberger, 2017). Steigenberger (2017) defines the M&A context as the attributes of the companies involved in the M&A (e.g. integration experience, firm strategy, employee predisposition) as well as the relationship between the features of the two merger partners (e.g. relatedness, relative pre-acquisition performance, cultural distance). According to Steigenberger (2017), how the integration performance is affected by the context depends on how the structures,

processes and systems are set up. These aspects also influence and are dependent on how employees and other internal and external stakeholders experience the integration.

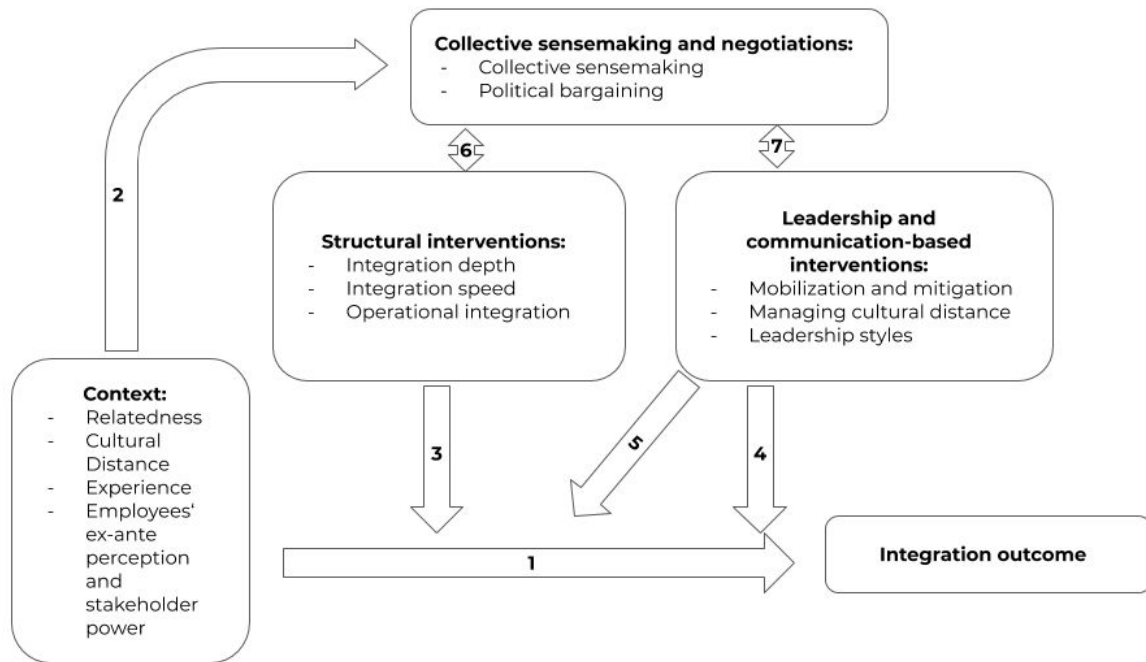


Figure 1 – Framework of M&A integration research, modified from Steigenberger (2017)

Steigenberger (2017) states that employee sensemaking between internal stakeholders have an effect on what the management can and will do during the integration process. Moreover, the sensemaking and negotiation processes are affected by the structural and leadership-based interventions. For example, the motivation of internal stakeholders to engage in the integration process influences which structural and communication-based interventions the managers can or will use, while employee sensemaking is affected by managerial sensegiving activities or structural decisions.

Marmenout (2010) identified three deal characteristics as particularly relevant with respect to their potential to affect employee sensemaking. These characteristics, operating at the organizational and interorganizational level, are “Culture Clash Potential, Announced Degree of Integration, and Position in Deal Structure” (Marmenout, 2010, pp. 332). Culture Clash Potential is the level of expected differences in the organizational cultures, and it is assessed and predicted by institutional intermediaries outside of the merger partners, such as financial analysts or the media (Marmenout, 2010). Announced Degree of Integration refers to how much the two companies are to be merged into a single company (or stay independent) after the deal and how much this will supposedly affect the work of

employees. Position in the Deal Structure, on the other hand, exposes who is the acquirer or target, or the more powerful or weaker one of the two partners (Marmenout, 2010).

So there are many aspects that can be taken into account when studying M&A integration. I want to shed more light to the aspects that affect sensemaking of organizational members, especially middle managers, and through that the outcome of the M&A.

2.3. Integration strategies and M&A outcomes

The different strategic intents for M&As present apparent integration challenges. For example, if a company acquires another because their industry has excess capacity, they have to determine which plants to shut down and which people to let go (Bower, 2001). The acquirer needs to achieve economies of scale to realize the planned synergy benefits, by absorbing the target's resources into its operations (Christensen et al. 2011). If, on the other hand, they buy a company because it has developed an important technology, the challenge is more about how to stop the acquisition's best engineers from leaving. These scenarios demand different kinds of managerial behaviors from the managers or the merged company (Bower, 2001).

The post-merger integration period can be seen as essential to the success or failure of the merger (Angwin and Meadows, 2015). In fact, Hunt et al. (1987) found that in 83 percent of cases there was a positive correlation between success of implementation and the overall perceived success of the acquisition, making it the most 'decisive variable in success and failure'. There are ways in which integration challenges can be tackled. First, managers should understand that integration plans can be interpreted in many ways and they should be sensitive of those interpretations (Vaara, 2003). Post-merger integration is an extreme case of organizational change for employees as it affects their lives thoroughly (Van Vuuren et. al., 2010). Therefore, research has begun to focus more and more on social, cultural, and psychological aspects related to the integration of merged firms, to increase our understanding of the aspects influencing merger success (Sarala et al., 2016; Kroon and Noorderhaven, 2018).

Vaara (2003) identifies several characteristics that can obstruct post-merger integration. For example, there is likely to be ambiguity surrounding the integration issues. Moreover, over time, individual integration issues can easily become politicized, leading to the reinforcement of internal divisions and rising confrontation between different units in the organization. Indeed, changes in work processes due to post-merger integration can be used by the employees of the merged companies to detach themselves from their merger

partners (Ailon and Kunda, 2003). They can develop ‘condescending attitudes’ of the ‘us’ against ‘them’ (Larsson and Finkelstein, 1999, pp. 6)

International business theory often over-emphasizes the negative outcomes of M&As, thus portraying the cultural differences and employee resistance in post-merger integration as negative (Stahl and Tung, 2015). Moreover, managers tend to blame cultural differences for the “human side” problems in M&As, thus externalizing the reasons for M&A failure and crediting success to their own expertise (Vaara et al., 2014). This kind of thinking, however, has narrowed our understanding of the intricate ways in which socio-cultural issues influence M&As (Sarala et. al. 2017).

Even though the M&A integration begins with the closure of a merger or acquisition deal and lasts typically about a year, the integration planning often begins well before the deal is closed (Ellis et al., 2011; Ranft and Lord, 2002; Schweiger and Goulet, 2000, ref. Steigenberger, 2017). To minimize the complexity of integrating one firm into another and conduct a blueprint for a fitting integration strategy, several models have been suggested to either capture the key drivers of integration performance or categorize the attempts at integration into a feasible number of integration archetypes (Steigenberger, 2017).

M&A research underline several mechanisms that could smooth negative dynamics during post-merger integration, such as preserving premerger identities (Larsson and Lubatkin, 2001, ref. Drori et al., 2011), promoting synergy (Larsson and Finkelstein, 1999), achieving compatibility in terms of acculturation between the merged companies and enhancing awareness of cultural compatibility between the companies (Nahavandi and Malekzadeh, 1993, ref. Drori et al., 2011). What unites successful mergers is a clear strategic vision that enforces the formation of remarkably higher long-term value (Epstein, 2005). Epstein (2005) suggests that the integration process should develop a culture where employees see the merger as enabling them to grow the business instead of hindering their progress. What is needed to encourage this attitude are organizational leadership, structures, systems, and significant, open communication.

There is no clear way to assess M&A performance, despite the large amount of research conducted in the field. Zollo and Meier (2008) describe how approaches vary from “subjective (e.g., qualitative assessments of degrees of synergy realization, of integration process efficacy, and of strategic gap reduction) to objective measurement methodologies (e.g., financial and accounting figures), from short-term (e.g., a few days before and after the acquisition announcement) to long-term (up to five years after the closing) time horizon, from an organizational level of analysis (e.g., improvement of firm performance or

competitive position) to a process or transaction level (e.g., quality of execution of the post-merger plans, magnitude of premium paid, etc.)” (pp. 55). M&A performance is by nature an immensely complex concept, and therefore it can be addressed in various ways, but no single way to study it seems to suffice (Zollo and Meier, 2008).

2.4. Identity and PMI

According to several studies, a crucial element of human integration as well as explaining merger performance is organizational identification (for an overview, see He and Brown, 2013). Human integration refers to the role employees, human resource management practices, social processes, and culture have in M & As (Sarala et al., 2017). High levels of post-merger organizational identification, and therefore a greater likelihood that employees act in the organization’s best interest, are especially important in times of substantial organizational change, such as post-merger integration (Kroon and Noorderhaven, 2018).

Even though employees of all organizations engaged in mergers most likely identify themselves with their company of origin, the intensity of that organizational identity varies among companies. Some companies inspire stronger identification in their employees than others (Zaheer et al., 2003). Moreover, an employee might identify with the organization as a whole, their own work group or division (Ashforth and Johnson, 2001), or with their occupation or profession (Pratt, Rockmann and Kaufmann, 2006).

An individual’s occupation is an essential target of identification, since work and occupational status play such a significant part in people’s lives (Kreiner & Ashforth, 2004). Occupational identity refers to the relatively stable collection of characteristics, experiences, motives, values and beliefs, through which people define themselves in their professional or occupational roles (Ibarra, 1999), as well as the extent to which one defines themselves in terms of the work they do (Kroon and Noorderhaven, 2018).

As Weber (1996) declared, culture clashes are not automatically disagreements between two sets of assumptions, norms or values, but are fundamentally conflicts of identity. Occupational identification is important in explaining employees’ job attitudes such as organizational commitment and job satisfaction (Loi et al., 2004). These issues are especially important in organizational change, since the organization’s members’ views play a significant role in the success and failure of such change (Sarala et al., 2016). Creating a new organizational culture can make employees feel they are required to forsake their premerger identity, which might lead to “feelings of threat, resistance, dismay, alienation,

hostility, or apathy toward the other organization” (e.g., Terry and Callan, 1998; Vaara, 2002; van Leeuwen et al., 2003, ref. Drori et al., 2011, pp. 629).

Zaheer et al. (2003) found that during the post-merger integration, the cultures of the premerger organizations acted as a mechanism for creating the perception of equality, helped make sense of the merger decision, and helped management justify the departure from their previous strategy. In order to keep the perception of equality intact, companies must take the cultural sensitivities of the merged organizations into account and narrow the gap between the two cultures by building an integrated culture (Drori et al., 2011).

Therefore, when deciding to what extent a merger should be organizationally integrated, in addition to cultural compatibility and strategic combination potential, top managers should pay attention to the strength of organizational identification (Zaheer et al., 2003). Under conditions of change, organizational members' perceptions of identity and image are key to their sensemaking (Gioia and Thomas, 1996). Culture reflects ‘how we do things around here’, but organizational identity or identification lies at the very core of organizational members’ sense of ‘who we are’ (Albert and Whetten, 1985, ref. Zaheer et al., 2003). Even where firms have similar cultures, strong social identification by employees of one or both firms can undermine integration efforts (Zaheer et al., 2003). Zaheer et al. (2003) argue that especially in mergers of equals, both culture and identity are likely to play an especially important role, because organizational members assume each of these organizations and their respective cultures and identities have an equal status, which often conflicts with what the stakeholders’ experienced reality of the merger is.

2.5. Merger of equals

An exact definition of a merger of equals is one where the board of the merged entity has members from both organizations and the equity of the merged entity is divided 50–50 between the two merging firms. A looser classification would permit for a roughly equal value contribution from both organizations to the merged entity even though the equity is not divided exactly 50–50 (Zaheer et al., 2003). Moreover, similar-sized, well-established, large companies that have deeply entrenched processes and values, share many characteristics with mergers of equals when it comes to post-merger integration, even though they might be essentially acquisitions where one company buys another (Bower, 2001).

M&A deals are often advertised as mergers to seem less threatening to the target organization (Vaara & Monin, 2008). Furthermore, there are actually very few true mergers

of equals (Zaheer et al., 2003), even though plenty of research suggests that acquisitions of large relative size have higher combination potential than relatively small acquisitions (Larsson and Finkelstein, 1999). Compared with small targets, acquisitions involving targets which are of a significant size relative to their acquirer have greater potential for creating synergy via managerial economies, increased market power, and economies of scale (Seth, 1990).

One possible reason for the relatively few ‘mergers of equals’ is that acquisitions of large relative size result in difficulties in post-merger integration (Zaheer et al., 2003). Significant challenges can emerge in the integration of both the technical and human aspects (Epstein, 2005). The assumption of equality may result in confusion about who is in charge of different aspects of the merger integration process (Zaheer et al., 2003). An acquisition conveys a clear sense of which company is in charge, but a merger of equals can cause a power struggle, since members of both companies want to control the new organization. Every aspect of the company’s business practices is subject to discussion and since both companies are trying to maintain their own status quo, the selection of best methods often takes a back seat (Epstein, 2005). This can be messy, time-consuming, and political. Large companies have business-critical elaborate systems for allocating resources, developing products, and measuring performance, so merely taking a new set of systems into use takes time (Bower, 2001).

By defining a merger as one of ‘equals’, there may be an expectation of distributive equality (i.e. that every aspect of the merger will be equal), rather than each side gaining in some areas and losing in others, called integrative equality (Zaheer et al., 2003, Monin et al., 2013). Because each merger party is bound to have areas of relative strength that the new entity can draw on and areas of relative weakness that may have to be eliminated, an integrative view is usually required to get the best possible outcome in any merger (Zaheer et al., 2003). A symbiotic M&A integration has high strategic interdependence and a high need for autonomy (Monin et al., 2013). A symbiotic M&A refers to a merger or acquisition, where close cooperation is needed without one firm dominating the other. It usually starts with preservation, focuses on collaboration, develops a ‘common view’ and finally moves towards specialization and integration (Haspeslagh and Jemison, 1991).

Monin et al. (2013) identified three post-merger integration phases that are likely to characterize symbiotic M&As: first, a time when the emphasis is on equality (equal treatment of the merger parties in integration decisions); then a time when the focus moves to equity (what is fair in view of the parties’ contributions); and finally a time when attention to distributive equality decreases. Drori et al. (2011) argue that the “notion of

balance serves to buffer objections before and rejection during the integration process” (pp.644). Thus, maintaining balance in areas such as layoffs, managerial positions, or work practices between the two merger parties provides them with a beneficial way to run the integration. Similar to Monin et al.’s (2013) findings, Drori et al. (2011) state that during the actual integration period, balance ceases to become a concrete tool, but still serves to symbolize the initial intention of the merger.

Moreover, the assumption of equality might reinforce the separate identities of the two companies, since employees and other stakeholders (including the press) evaluate every aspect of the post-merger integration on if they pass a distributive equality test or not (Drori et al., 2011). The assumption of equality can also lead to each side clinging to their original organizational culture and identity, and resisting the new, combined culture or identity in the merged firm. This phenomena can enlarge the effects of cultural incompatibility, and solidify old identifications (Zaheer et al., 2003). This is related to company values, where issues are somewhat harder to pin down than processes. However, they are still just as important. Values include shared assumptions about what kind of behavior is rewarded, what the organization promises its employees and vice versa, and what the organization stands for (Bower, 2001).

When both of the merged partners have strong organizational identities and high combination potential, as they are in many mergers of equals, emotions run high and people relate their perceptions of fairness and unfairness to their former organizational identity. Consequently, the very idea of ‘equality’ can backfire, since the integration can never be equal in all its aspects (Zaheer et al., 2003). Strong identification by managers with the former firms can make the acquisition integration process itself a lot harder. Therefore, efforts to create a new organizational identity and a new name for the new organization might be the best course of action (Drori et al., 2011). However, the advantages of a new name will have to be weighed against the loss of perhaps decades of building the company’s brand and reputation (Zaheer et al., 2003). Selecting a completely new name that doesn’t include components of either of the merged companies’ names can be seen as a symbol of equality (Drori et al., 2011).

According to some M&A scholars, mergers of equals, at best, only pay lip service to true equality (Zaheer et al., 2003). But portraying the merger as being between equals can create a safety net for the employees of both firms, who perceive in that portrayal “guarantees of continuous employment, rights, and status as well as increasing the potential success of the new organization” (pp.642). Moreover, presenting the merger as a merger of equals can enable top managers to require their staff to make sacrifices and to

shed their pre-merger identities for the sake of the merged company's new identity (Drori et al., 2011). Therefore, portraying the merger as one between equals gives out potent symbolic signals for the staff of the merger partners. This can motivate them to commit to the change and make sacrifices so that the new organization has potential to survive (Drori et al., 2011). Although a merger of equals leads to stronger pre-merger identity, if the new integrated culture is planned with the sensitivities of the pre-merger identities in mind, the strong identity might not impede the commitment to change. In Drori et al.'s (2011) case company, the members realized that since the merger was a must, even though there were big cultural differences between the merger partners, they had to take the best out of the two cultures and build a new one. The participants stressed that this was possible only because they appreciated the differences and saw their merger partners as an equal (Drori et al., 2011).

Managers involved in a merger of equals should pay special attention to balance senior and middle management positions across the two companies, and how these groups see themselves in relation to the new organization (Zaheer et al., 2003). A key to achieve this could be to understand better the sensemaking of these organizational members and how the attributes of the companies involved (e.g. acquisition experience, strategy, employee predisposition) affect the member sensemaking (Steigenberger, 2017).

2.6. Acquisition experience and PMI

Acquisition experience is identified as a key component to understand the integration outcome (Steigenberger, 2017). There are two sides to serial acquisitions that are interesting for this study. The side of the serial acquirer who develops capabilities and experience and the one of the serial target, whose coping with multiple acquisitions is an intriguing perspective.

When talking about acquisition capability development, it is useful to distinguish between the different layers. Acquisition capabilities comprise of the knowledge, skills, systems, structures, and processes that a company can utilize when carrying out acquisitions (Laamanen and Keil, 2008). They include organizational skills such as the ability to recognize fitting acquisition targets, negotiate the deal, and run the integration process (Haspeslagh and Jemison, 1991). Acquisition research has generally focused on two of the layers of acquisition capability development. The first is research focusing on capability development through acquisitions (Ahuja and Katila, 2001). For example, an acquirer may buy a technology-based company because they need a certain technological capability that the target firm possesses. The second stream of research has examined how acquirers

improve their capabilities to execute separate acquisitions. These capabilities can be for instance codifying acquisition-related procedures or establishing acquisition teams (Haleblian and Finkelstein, 1999). However, Laamanen and Keil (2008) suggest that there is also a third layer of acquisition capabilities: the ability to run acquisition programs. Over time, active acquirers learn what is the optimal number of companies to acquire, how to time individual acquisitions, and what types of companies to acquire, thus developing program-level capabilities for managing their acquisition programs (Laamanen and Keil, 2008).

Acquisition experience has a “complex relationship with acquisition performance. In addition to being a measure of an acquirer’s acquisition capability, it is a measure of the intensity of an acquisition program” (Laamanen and Keil, 2008, pp. 670). Additionally, when companies engage in multiple acquisitions, the total impact on performance may not only depend on the characteristics of individual acquisitions but may also be driven by the pattern of acquisitions (Henningsson, 2014). Serial acquirers can use their acquisition experiences to build knowledge for future acquisitions, thus creating further opportunities for getting value from them (Barkema and Schijven, 2008). For instance, a failed acquisition may create valuable learning effects that can enhance the performance of subsequent acquisitions through improved acquisition capabilities more than its direct negative influence (Haleblian and Finkelstein, 1999; Finkelstein and Haleblian, 2002).

With serial acquirers, there are also serial targets. Sometimes an acquisition cannot be fully understood without taking into account the previous acquisitions the target has gone through prior to the current M&A process (Sarala et al., 2017). Sarala et al. (2017) point out that our knowledge of the “human side” in serial acquisitions, especially from the point of view of a “serial target,” is still incomplete. Since managers of the target company must use new sensemaking frames in everyday situations, serial targets have specific dynamics which can create tensions (Chreim and Tafaghod, 2012). Being a serial target would expectedly have negative effects on the relative standing of target employees (Hambrick and Cannella, 1993). The resulting power differentials influence modes of resistance (Mantere and Vaara, 2008).

However, it is not certain that serial targets inevitably have a higher level of resistance (Sarala et al., 2017). For example, at one of the merged companies Hajro (2015) studied, employees didn’t identify themselves with the organization, but more with their type of job. The organization had gone through several mergers before the takeover in question and it was highly decentralized. In their study, the respondents stressed that continuous exploitation of existing knowledge and exploration of new possibilities was important. The

employees were motivated to learn new things, because the executives were very good at creating sufficient incentives for the learning and sufficient direction and support to allow this learning to occur. Therefore, the organization was able to perceive environmental shifts and willing to accept the uncertainty that accompanied fundamental changes in organizational processes (Hajro, 2015). Moreover, resistance can result in positive outcomes through learning and development of innovative solutions. Additionally, individuals are tough and can triumph even in harsh M&A situations (Sarala et al., 2017). A specific group of individuals especially important for my research question are middle managers and how they perceive the changes the merger brings about.

2.7. Middle managers' role in PMI

Literature is not exactly consistent with the definition of “middle manager” (Wooldridge, Schmid and Floyd, 2008). Floyd and Wooldridge (1992) define middle managers from a functional perspective, characterizing middle management as the “coordination of an organizational unit's day-to-day activities with the activities of vertically related groups” (p.154). Contrarily, Dutton and Ashford (1993) define them from a hierarchy perspective and state that middle managers are those who work “two or three levels below the CEO” (p.398).

In this study, I refer to middle managers in a broad sense. Thus, I use the term “middle manager” as meaning those management positions that are situated between top managers and first-line supervisors (Herzig and Jimmieson, 2006). However, as Wooldridge et al. (2008) note, what makes middle managers different than other organizational members is not where they are positioned in the hierarchy, but their “access to top management coupled with their knowledge of operations” (p.1192).

Middle managers are traditionally seen as a linking pin (Likert, 1961) between the strategic and the operational parts of the organization. They supply information upwards and consume the strategic decisions that are passed down (Thompson, 1967). They connect these two levels of the organization by mediating, negotiating, and interpreting (Floyd and Wooldridge, 1997). Therefore, middle managers play an important role in the change process, particularly in planned radical change (Huy, 2002). They are part of the implementation chain, and act as change implementers (Kanter, Stein and Jick, 1992) but can be both the target and agents of change (Fenton-O'Creevy, 1998).

During organizational change, middle managers are fulfilling a role better described by the term ‘change intermediary’ (Balogun 2003) than by more commonly used terms such as

change implementer or change recipient (Kanter, Stein and Jick, 1992). Middle managers have many other roles they need to fulfil in addition to putting in place changes in their departments. In addition to absorbing and coping with change themselves and passing it on, they need to interpret and translate the change intents into implications for themselves and their teams in through every day working practices and behaviours (Balogun 2003). Balogun (2003) discovered that during change implementation, middle managers actually have four interrelated roles: personal change, helping others through change, implementing necessary changes in their departments and keeping the business going. Middle managers' interpretations and actions are also critical in translating high level aspirations into local changes that support the vision and keep business going during the transition (Balogun, 2003; Balogun and Johnson, 2004, 2005).

Middle managers occupy a challenging position because of the extensive emotional labor needed to facilitate change and manage interaction between senior executives and employees (Clarke and Salleh, 2011, ref. Sarala et al., 2017). Strategy is no longer seen as the prerogative of top management, but as interpreted and executed by diverse actors at multiple organizational levels (Sarala et al., 2017). Balogun and Johnson (2004) believe that middle managers' role as change agents will continue to increase in importance as organizations become increasingly complex and geographically distributed, even when senior management has already laid down a strategic direction.

Since middle managers have a central role in change implementation, if they have a negative attitude towards change, they can be genuine impediments (Balogun, 2003). This potential to exercise a negative influence is what is often emphasized by both senior managers and consultants (Fenton-O'Creevy, 1998). If it is not in their interests to cooperate, middle managers are seen to be protective of their own self-interests and reluctant implementers of changes conceived by their seniors (Balogun, 2003). However, perceived middle-manager resistance may result more from constraints in the organization, which prevent them carrying out the changes asked of them (i.e. lack of support and time) rather than deliberate obstruction (Balogun and Johnson, 2005).

Essentially, middle managers can be used as an asset in organizational change and play a strategic role, even though they have traditionally been viewed simply as conduits for senior manager orders (Balogun, 2003). Middle managers are important, because they not only play a role in the implementation of deliberate strategy, but also use their external contacts and position within the organization to collect and process information on threats and opportunities and give this to senior managers, encourage emerging projects within

their own department as well as use resources at their disposal to advocate innovative ideas and business opportunities to their superiors (Floyd and Wooldridge, 1994).

In this view, individuals are active participants who strategize and sort out information. And not only top management but also individuals at lower levels in the organizational. (Sarala et al., 2017) Therefore, M&As actually include individual, yet interrelated, actors who are connected by a complex set of relationships in increasingly complex institutional environments. Correspondingly, structural explanations, such as cultural differences and the integration mode, cannot entirely explain the patterns of changes brought on by the post-merger integration, but they emerge from the involvement of the different actors in the M&A process (Sarala et al., 2017). A key insight to understanding how change develops in the organization can be the sensemaking of the members of the organization. Therefore I will look more deeply into how sensemaking literature can contribute to the understanding of middle managers' role in M&A.

3. Sensemaking

Literally, sensemaking means the making of sense (Weick, 1995). Sensemaking is the process of social construction that happens when an individuals' ongoing activity is interrupted by divergent cues. It involves the development of conceivable meanings that rationalize what people are doing (Cornelissen, 2012). Central questions for researchers studying sensemaking are how people construct what they do, why and with what effects (Weick, 1995). Weick (1995) argues that sensemaking is grounded in identity construction, retrospective, enactive of sensible environments, social, ongoing, focused on extracted cues and to do with plausibility rather than accuracy.

Sensemaking was initially used to explain how meaning was constructed and how experiences are interpreted (Maitlis and Christianson, 2014), but Weick (1969) was the first one to put the concept into an organizational context. Today it is understood that sensemaking is a central activity in organizations, and one that lies at the very core of organizing (Maitlis and Christianson, 2014). Sensemaking begins when people experience that their expectations are disrupted, or when they come across an unclear event or issue that is of some importance to them. Many times this involves a menace to taken-for-granted roles and routines, so that members of an organization begin to question fundamental assumptions about how they should act (Maitlis and Christianson, 2014).

In the following chapters I will cover concepts related to sensemaking. I will first explain some sensemaking related constructs, then focus on how sensemaking occurs in change and in M&As, since M&As are significant events that can trigger sensemaking (Vaara, 2003). Next, I will discuss sensemaking and communication, and finally I will concentrate on middle managers' sensemaking.

3.1. Sensemaking related constructs

There have been several other concepts developed to describe the activities related to sensemaking that have gained traction and contributed to our understanding of how sensemaking is accomplished (Maitlis and Christianson, 2014). The first of these is sensegiving, which means "the process of attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality" (Gioia and Chittipeddi, 1991, p. 442). Sensegiving is often studied in the context of how

leaders or managers use symbols, images, and other influence techniques to strategically shape the sensemaking of the members of their organization (Gioia and Chittipeddi, 1991; Maitlis and Lawrence, 2007; Rouleau, 2005). Sensegiving can be understood as managers helping their teams go through change and helping others to make sense of things (Gioia and Chittipeddi, 1991). However, as those receiving sensegiving have their own interpretations and can actively resist efforts from managers to influence change, sensegiving is not simply a top-down process (Sonenshein, 2010). Managers can steer the course of integration by management of meaning (Vaara and Tienari, 2011) and this involves not only conventional sensegiving but a variety of modes such as sensebreaking, sense specification, and sensehiding (Monin et al. 2013).

Sensebreaking is explained as “the destruction or breaking down of meaning” (Pratt, 2000, p. 464). In sensebraking, existing meanings are deliberately destroyed to facilitate change (Monin et al., 2013). It captures an important part of processes involving sensemaking and sensegiving, even though it is less researched than other related constructs (Maitlis and Christianson, 2014). Sensebreaking can encourage people to re-examine their course of action, to reconsider the sense that they have already made and to question their underlying assumptions (Lawrence and Maitlis, 2014). It is also connected to sensegiving as managers aim to break old meanings and create new meanings in their place, which are then given sense to (Maitlis and Christianson, 2014). Sensebraking is often an opening to sensegiving, when leaders fill the meaning void created by sensebreaking with new meaning (Pratt, 2000).

Sense specification refers to “specification of explicit or implicit norms coining of principles, exemplary decisions and actions, symbolization, and quantification” (Monin et al., 2013, p. 262). Contrarily, sensehiding means avoiding using specific discourses or marginalizing particular voices and can be used to promote only certain kind of thinking (Monin et al., 2013; Maitlis and Christianson, 2014). Thus it can be mobilizing but, on the other hand, it can even become manipulative due to hiding particular pieces of information (Vaara & Monin, 2010; Maitlis and Christianson, 2014).

Furthermore, both sensegiving and sensehiding are powerful mechanisms, through which discourse impacts organizational action (Vaara and Monin 2010). Monin et al. (2013) demonstrate that mobilizing existing discourses, inventing new ones, and silencing alternative ones is the essence of sensegiving, adding to previous studies on the management of meaning in the M&A context (Vaara and Monin, 2010). These constructs have been mainly explored as activities carried out by leaders or managers (Mantere,

Schildt, and Sillince, 2012; Pratt, 2000), but there is more and more interest to understand how they are used by others, for example middle management.

3.2. Sensemaking and change

Weick asserts that action is an integral part of sensemaking—that is, we know the world by taking action and seeing what happens next. As Weick (1988) observes, “people who act in organizations often produce structures, constraints, and opportunities that were not there before they took action” (p. 306). The relationship between change and sensemaking is recursive, meaning that sensemaking by leaders and others also accomplishes strategic change (Maitlis and Christianson, 2014).

Weick (1995) remarks that “interpretation” and “sensemaking” are in fact quite different, even though they are often used interchangeably: sensemaking involves “authoring as well as interpretation, creation as well as discovery” (Weick, 1995, p. 8). Sutcliffe (2013) explains it so that sensemaking is about the ways people construct what they interpret. Interpretation presumes a frame of meaning is already in place and that one simply needs to connect a new cue to an existing frame. Sensemaking occurs where there is no frame, or where a connection between cue and frame has to be created, since there is no obvious connection (Weick, 1995). Consequently, sensemaking is concerned more with invention than with discovery; invention precedes interpretation. Thus, interpretation is an important component—but only one component—of the sensemaking process (Maitlis and Christianson 2014).

Research has shown that sensemaking at all organizational levels is important in advancing (or inhibiting) change: when managers are able to make others understand the future in ways that are consistent with the reality they have defined, strategic change can begin and is advanced through cycles of sensemaking of the leaders and other organizational members (Maitlis and Christianson, 2014). As such, sensemaking can be used to generate a new order through a guiding vision and new meanings for organizational members (Maitlis and Christianson, 2014). This suggests that managing change may be more to do with senior management facilitating recipient sensemaking processes by striving to deliver clarity of purpose, expected outcomes and boundary conditions, and a shared understanding of these, rather than directing and controlling or trying to manage the detail (Balogun and Johnson, 2005). This process can be described as “dialogicality”, which means a dialogue between the sensegiving of change agents and the sensemaking of change recipients (Bartunek et al. 2006; Stensaker and Falkenberg 2007). However, this dialogue

goes beyond direct social interaction because managers' sensegiving already presupposes and takes into account members' sensemaking and vice versa (Sonenshein 2010).

Felt emotions can either derail sensemaking or contribute important information that can facilitate sensemaking (Maitlis et al., 2013). There are many examples of this in the change literature, where studies have shown that employees draw on their felt emotions when interpreting a change programme (George and Jones, 2001, ref. Maitlis and Sonenshein 2010), and may think of negative feelings as a sign that an organizational change is harmful for their well-being (Bartunek et al., 2006; Sonenshein, 2009). Contrarily, managers can elicit negative emotions in the organization and thus create a sense that change is necessary (Maitlis and Sonenshein 2010).

Maitlis and Christianson (2014) state that actors "create a new organizational order through sensemaking about structures and strategies that offer a plausible response to environmental changes; they also use sensegiving to convince others of the value of these changes and to explain how they can be implemented" (pp. 90). When sensemaking or sensegiving fail, so too may a change initiative (Maitlis and Christianson, 2014).

3.3. Sensemaking and M&A

In their article synthesizing research on socio-cultural and human integration in M&As, Stahl et al. (2013) explain that when employees are faced with M&A integration, they go through a chain of experiences that qualifies as a major life event. Sensemaking is a social activity triggered by circumstances that are not routine, meaning something unusual, unexpected or important (Weick, 1995). Among many other outcomes, employees typically associate M&As with increased stress, changes in job content, and possibly loss of employment. These outcomes can be final or intermediary. However, it is usually not clear beforehand what an M&A will actually mean to an employee, and this fundamental uncertainty cannot easily be resolved (Stahl et al. 2013). Examining M&A's through a sensemaking perspective indicates examining the compound socio-psychological processes which organizational actors experiencing these events use to socially construct their realities (Dutton et al., 2001).

Sensemaking is a social process and it takes place between (groups of) people (Boje, 2008). Hence, an understanding of sensemaking processes in an M&A cannot be acquired by studying only one of the organizations involved. Research must look across functional groups within both organizations involved, as one M&A can mean very different things to different groups (Brannen and Peterson, 2009). Stahl et al. (2013) call for more research

exploring how meanings are linked to local contexts and interests, how divergent sensemaking processes become more or less aligned during the course of an M&A process, and what are the consequences of successfully managed M&A. Moreover, they highlight the need to track how top management sensegiving (e.g., in the form of narratives regarding the necessity of the merger) is subsequently accepted or resisted by organizational members. Therefore I'm looking in my thesis at both the target and acquirer middle manager sensemaking.

M&As can create many types of discussions and speculations concerning organizational changes within the post-merger organization, especially those planned or anticipated changes that seem to have fundamental effects for the merger partners, specific units, or particular groups of people. These kind of changes are expected to become remarkable 'integration issues' for the organization members. (Vaara, 2003) 'Issues' are important questions or topics that create a need for organizational members to make sense of the situation at hand by provoking their attention (Dutton and Dukerich, 1991). If post-merger decision-making is viewed as issue-based sensemaking it enables the examination of how specific integration concerns are socially constructed within the post-merger organization; that is, how the integration concerns are interpreted and (re)constructed by the different actors. However, not all of the issues are as important for everyone. Indeed, it may be that some plans concerning mostly the target company are actually 'non-issues' for the people working in the acquirer, or vice versa. (Vaara, 2003)

Furthermore, trust is imperative to the successful implementation of M&As and it exists at different levels (Stahl et al., 2013). Trust has been conceptualized at the individual, interpersonal, or group level or as a multilevel phenomenon (Currall and Inkpen, 2002; Zaheer et al., 1998), even though most research on interorganizational trust has been carried out at the company level (Das and Teng, 1998; Ring and Van de Ven, 1992; Vlaar et al., 2007). Trust at the interorganizational level (meaning trust in the impersonal processes, structures, and routines that control the relationship between the organizations) directly influences M&A performance, and interpersonal trust is paramount since it leads to higher interorganizational trust (Zaheer et al., 1998). Good interpersonal relations between managers and employees at both sides do matter, but what is ultimately needed to make the M&A a success is more impersonal inter-organizational trust (Stahl et al., 2013).

Stahl & Sitkin (2010) propose that how target company members perceive the acquiring managers' trustworthiness is influenced by the relationship history of the companies (the target company's pre-existing relationship with the acquirer, the acquiring company's reputation, and the method of takeover), the interfirm distance (including cultural distance,

power asymmetry, and relative performance), as well as how the acquisition is integrated (the level of target company autonomy, the acquirer's degree of multiculturalism, the speed of integration, and the quality of communication). These perceptions the organizational members of the target, including middle managers, make of the acquirer trustworthiness influence, in turn, several of the socio-cultural integration outcomes as well as the post-acquisition performance (Larsson and Finkelstein, 1999; Stahl et al., 2013).

3.4. Sensemaking and communication

In contrast to the individual approach to sensemaking discussed above, from the social constructionist point of view “sensemaking occurs and can be studied in the discourses of social members—the intersubjective social world—rather than simply occurring in their minds” (Gephart, 1993, p. 1470) and is related to the “conversational and social practices (methods) through which the members of a society socially construct a sense of shared meanings” (p. 1469). In this approach sensemakers are understood to produce “accounts”, “narratives” or “stories” rather than new schemas (Maitlis, 2005) and it situates both the process of sensemaking and its outputs in spoken language or written texts (Maitlis and Christianson 2014) and .

Sensemaking is a conversational and narrative process (Gephart, 1993) involving a variety of communication genre, both spoken and written, and formal and informal. However, more specifically, sensemaking involves ‘conversational and social practices’ (Gephart, 1993: 1469). Most current accounts of sensemaking describe sense as constructed in language and shared through narrative (Maitlis and Christianson, 2014). It occurs through both verbal and non-verbal means (Gioia and Chittipeddi, 1991). Moreover, since M&A-related negotiations tend to be shrouded in secrecy due to commercial and legal reasons, employees will try to “read between the lines” when trying to interpret both managerial communications and decisions (Stahl et al. 2013). Individuals engage in gossip and negotiations, exchange stories, rumours and past experiences, seek information, and take note of physical representations, or non-verbal signs and signals, like behaviours and actions, to infer and give meaning (Gioia and Chittipeddi, 1991). Change comes about through shifts in conversations and language (Heracleous and Barrett, 2001, ref. Balogun and Johnson, 2005).

In merger situations employees have a tendency to use both formal and informal information sources to reduce feelings of uncertainty (Piekkari et al., 2005). Yet many times they feel that they are not fully informed and that they do not get the ‘full story’ of the merger (Napier et al., 1989). Schweiger and Denisi state that, ‘any failure to communicate

leaves employees uncertain about their futures, and it is often that uncertainty, rather than the changes themselves, that is so stressful to employees' (1991: 110). Thus, a good way for top managers to deal with the anxiety that is bound to ensue an M&A announcement is to communicate with employees as soon as possible about all the expected effects of the change (Schweiger and Denisi, 1991).

Research on interaction and communication during M&A integration have argued, in general, that the greater the degree of interaction, the better coordination between merging firms, which generates superior performance (Graebner et al., 2017). Additionally, Haspeslagh and Jemison (1991), state that before any efforts are made to merge two organizations, there is a need to "alleviate concerns by carefully communicating and confirming what will not change to the managers and employees of the acquired firm" (p. 180). Moreover, managers should pay attention especially to internal communication or build different types of discussion forums to help people perceive the variations in their views and be dedicated to common action (Vaara, 2003).

The importance of internal communication corroborates the findings of previous research (Nikandrou et al., 2000) and shows that the appropriate communications strategy is the area that can significantly improve the odds of success in post-merger integration (Papadakis, 2005). Moreover, work by Balogun (2003) and Balogun and Johnson (2004, 2005), indicate that lack of communication can act as a trigger to sensemaking, in their case especially that of middle managers. When ambiguity is high, sensemaking is easily triggered. However, this kind of contexts are "chronically hard to make sense of: cues are often unclear, actions muddy, and meanings equivocal" (Maitlis and Christianson, 2014, pp. 92).

3.5. Middle managers' sensemaking

Even though top managers play a central role in change efforts, research has more recently broadened to highlight the role of middle managers during change. For example, Balogun and her collaborators (Balogun, 2003; Balogun et al., 2004, 2005) have emphasized the crucial role middle managers play in mediating the sensemaking of top managers and lower level employees. Middle managers' sensemaking, for example, moves from embracing old cognitions to promoting new ones. Top management provides important details about the change, while middle managers are left to construct their own meaning of it, and therefore play a crucial role in how change ultimately gets passed on to frontline employees (Maitlis and Sonenshein, 2010).

Particularly, Beck and Plowman (2009) stress how middle managers frame and enrich the interpretation of unusual events in organizations. Middle managers are uniquely positioned to do this due to their closeness to the interpretations of both strategic and frontline managers. Emotional balancing is another essential activity for middle managers during change, which they do in part by engaging in sensegiving to manage their subordinates' emotions and create a sense of continuity and change (Huy, 2002). More generally, research by Maitlis and Sonenshein (2010) show that organizational change gets enacted through middle managers who mediate the sensemaking between top managers and employees on the frontline to affect both cognitions and actions.

Balogun (2003) states that middle managers are usually responsible for implementing the outline structures drawn up by their seniors. How the change actually turns out depends greatly on how middle managers interpret what is required and what they can personally do, and the actions and initiatives they take as a result of these interpretations. The interpretations they arrive at and the sensemaking activities they engage in are pivotal to the change outcome. The term 'implementing deliberate strategy' implies that middle managers are simply channeling what the senior managers decide and not influencing what actually changes, when in fact what they are doing is more like 'building realized strategy', making the first term misleading. Middle managers's actions determine what is actually achieved locally from the original change plans. The detail of change is created bottom-up. (Balogun, 2003)

The role of middle managers during planned radical change is typically de-emphasized in comparison to that of senior executives (Huy, 2002). Balogun and Johnson (2004) found, however, that especially in geographically dispersed organizations, senior managers became "ghosts" in the sensemaking of middle managers, rather than being active directors of change. Senior managers acted more as agents of "indirect infection" (Ford, 1999) influencing organizational meanings (Donnellon, Gray, and Bougon, 1986; Morgan, Frost, and Pondy, 1983; Pettigrew, 1985; Pondy, 1978, 1983, ref. Balogun and Johnson, 2004) through the presence of their actions and words in stories, rumors, and gossip shared by others.

The sensemaking process undertaken by the middle managers is quite clearly social (Balogun, 2003). Particularly in decentralized organizations, it is the actions, behaviors, gestures, and language of peers, and their shared personal experiences, that have a direct impact on middle manager schema development and change outcomes (Balogun and Johnson, 2004). The behaviours and words of others act as symbolic 'clues', as middle

managers exchange stories and gossip, often centred on the behaviour and comments of others, and in particular the behaviour and comments of senior individuals (Balogun, 2003). Furthermore, the greatest amount of middle manager sensemaking activity occurs through these lateral and largely informal middle manager processes in the absence of more senior managers (Balogun and Johnson, 2005). Moreover, these lateral interactions are used to decipher senior management intent (Balogun, 2003).

To summarize, Balogun and Johnson (2005) exhibit that the interpretations middle managers have about how they should respond to change primarily come from lateral, informal social processes of interaction between themselves. Middle managers' everyday experiences of the actions and behaviors of others, and the stories, gossip, jokes, conversations and discussions they share with their peers about these experiences, shape how they interpret what they should be doing. Change interventions and plans are put into action via of these inter-recipient processes, therefore top-down intended change becomes an emergent and unpredictable process (Balogun and Johnson, 2005). Which is why it is important to understand how middle managers' sensemaking occurs and is triggered in post-merger integration.

4. Theoretical framework

Based on the literature review in the previous chapters, I constructed the following theoretical framework as a synthesis. The theoretical framework I present in this chapter forms the backbone for my study. It combines the key ideas from the literature review, on both post-merger integration and sensemaking literature. In addition, the theoretical framework serves as the intrinsic structure for the analysis and discussion of my findings.

To put together my framework, I combined literature on PMI and sensemaking, but used in more detail a few existing frameworks: the M&A integration outcome framework of Steigenberger (2017), the model of employee reactions to a merger announcement of Marmenout (2010) the findings of Graebner et al. (2017) and the sensemaking framework of Monin et al. (2013). They are all done within recent years, take into account previous research in their respective fields and therefore offer relevant background for my study. Even though they are quite recent articles, they have all been cited by several other authors and they have been published in respected publications. For example, Steigenberger (2017) even cites Monin et al. (2013) himself. Moreover, I chose these models to form my theoretical framework as they are comprehensive enough, but not too complex. According to Angwin and Meadows (2015), the main weakness of simpler models is that they neglect important activities and eventualities. However, comprehensive models many times reach a degree of complexity that impedes their usefulness (Steigenberger, 2017).

4.1. Sensemaking triggers

In my literature review, I went through many different characteristics of M&As in general and the PMI process specifically. After reviewing both the PMI literature and the sensemaking literature, I find the following characteristics as most important concerning my study, which can be found in Figure 2. I divided the sensemaking triggers into two categories: the M&A context and the post-merger integration management aspects. The integration of an M&A is a dynamic change process, which is why it's important to understand the interactions between the M&A context and managerial interventions (Steigenberger, 2017).

The M&A context includes the background conditions of the companies before the integration begins and it is directly connected to what can be achieved during M&A integration, as well as the principal opportunities and challenges that arise. These M&A

aspects also affect sensemaking as they describes pre-deal stakeholder power relations and the relative status of the integrating companies (Steigenberger, 2017). I included three



factors into the M&A context. Firstly, the *deal structure* exposes who is the acquirer or target, or the more powerful or weaker one of the two partners (Marmenout, 2010). It also indicates in the case of a merger if its is a true merger of equals or just a merger of two relatively similar sized companies (Zaheer et al. 2003). Secondly, included in the *acquisition experience* are, for example, if the companies involved have been active in M&As before as either serial acquirers or targets and how that acquisition experience may influence PMI performance. Thirdly, the *cultural distance* refers to the level of expected differences in the organizational cultures (Marmenout, 2010).

Figure 2 - Sensemaking triggers

During the PMI process, management decides on the structures, processes and systems and sets the frame for the integration. Consequently, *integration depth and speed* refers to the task integration and includes, for example, what systems are integrated and when, who is in charge of what aspects of the integration and overall to what extent are the companies integrated or do they remain autonomous in some aspects. The ‘human’ side of an integration (Birkinshaw et al.2000) includes the motivation of stakeholders and the mediation of problems triggered by M&A aspects or task integration. These activities include the *communication* about the merger and how the different *cultures* as well as organizational and occupational *identities* are taken into account by top management. *Trust* is the “willingness of a person, group, or organization to rely on another party’s actions in situations involving opportunism or risk” (Graebner et al. 2017, pp. 15) and the lack of trust appears to result in a variety of problems such as cultural conflicts and threats to identity during PMI (Graebner et al. 2017).

The *perceived equality* refers to who is in charge of different aspects of the merger integration process (Zaheer et al., 2003) and how that power struggle between the members of both companies who want to control the new organization is perceived by the organizational members. These all result in the management of both internal and external stakeholders' interpretation of the integration process through sensegiving activities (Junni and Sarala, 2014).

However, as I will be focusing on middle manager sensemaking and sensegiving categories in more detail due to the scope of my study, I chose Monin et al.'s (2013) more extensive sensemaking framework for that part of my own model. However, by using Steigenberger's (2017) framework on M&A integration as inspiration to my own theoretical framework to begin with is to show how important sensemaking is to the M&A integration process.

3.5. Middle managers' sensemaking in M&A

Earlier studies that have used a process perspective on M&As (Clark et al., 2010; Jemison & Sitkin, 1986) have revealed that post-merger processes have a tendency to produce unintended consequences in the form of problems (Vaara & Monin, 2010) as well as chances for value creation (Graebner, 2004). Sensemaking activities are compound; they include actors in several positions, whose interactions are an important determinant of the outcome (Maitlis, 2005). These activities include both dedicated sensegiving and member sensemaking as reactions to sensegiving (Maitlis & Lawrence, 2007).

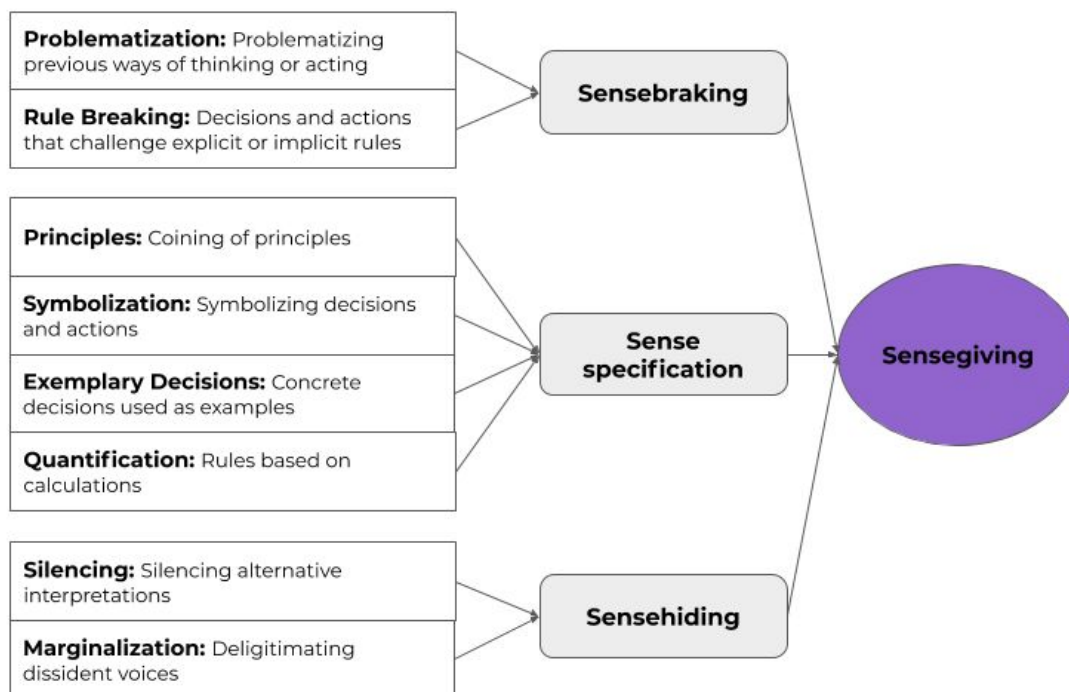


Figure 3 - Sensegiving categories, modified from Monin et al. (2013)

Using these as well as other findings of previous research, Monin et al. (2013) identify and elaborate on three main types of sensegiving and sensemaking. Sensegiving categories include: *sensebreaking*, *sense specification*, and *sensehiding* (Figure 3). Monin et al. (2013) define sensebreaking as breaking down previously established senses (Mantere et al., 2012; Pratt, 2000). In their model, sensebreaking includes both *problematization* of previous ways of thinking or acting and concrete *rule-breaking* decisions and actions. Another important part of sensegiving is specification of explicit or implicit norms, which they call sense specification (Monin et al. 2013). This sense specification could take different forms: *coining of principles*, *exemplary decisions and actions*, *symbolization*, and *quantification*. Sensehiding (Vaara & Monin, 2010) also plays a crucial role, and it is defined as *silencing alternative senses of integration* or *marginalization of particular voices* (Monin et al., 2013).

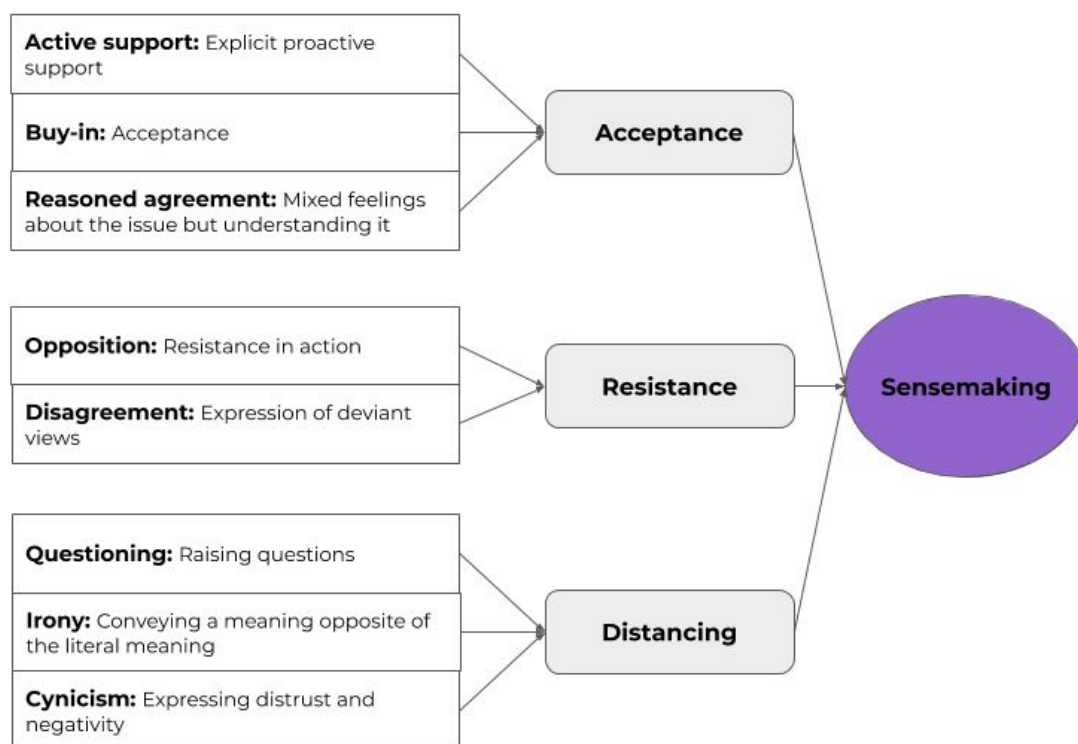


Figure 4 - Sensemaking categories, modified from Monin et al. (2013)

Furthermore, Monin et al. (2013) determine three types of member reactions as key forms of sensemaking: *acceptance*, *resistance*, and *distancing* (Figure 4). Acceptance is defined as either active or passive acceptance of the established or offered senses about integration (Giessner, Viki, Otten, Terry, and Täuber, 2006, ref. Monin et al., 2013). This acceptance could manifest as *active support*, *buy-in*, or *reasoned agreement*. Monin et al. (2013)

differentiate *disagreement* and *opposition* as forms of passive or active resistance. Moreover, they realized that many people did not seem to directly accept or resist the changes, but “took distance” from them instead (Piderit, 2000, ref. Monin et al., 2013). Therefore, they conceived a third form of sensemaking that they define as putting distance between oneself and the established or offered senses of integration. Distancing can take the form of *questioning*, *irony*, or *cynicism*.

4.3. Middle manager sensemaking in post-merger integration

As stated before, in the theoretical framework for this study I aim to synthesize the literature on post-merger integration and middle manager sensemaking. The complete model can be found in Figure 5. The context and management of the integration has a direct influence on what is possible during the post-merger integration period and it affects the sensemaking and sensegiving of the organizational members. As Steigenberger (2017) suggested, the M&A context and management of the PMI process act as triggers to the sensegiving and sensemaking of top and middle managers as well as sensemaking of employees. Moreover, the top and middle management sensegiving influences the management of the PMI process. Moreover, as Steigenberger (2017) states, the post-merger integration process is a dynamic process, where the M&A context and interventions affect and are affected by TM and MM sensegiving and sensemaking, which is why my framework is presented mostly in a cyclical form.

For my own model, I differentiate between top manager, middle manager and employee sensemaking, as I will be focusing on the middle manager sensemaking in this study. Research by Maitlis and Sonenshein (2010) reveal that middle managers mediate the sensemaking between top managers and frontline employees, therefore in my theoretical model middle managers can be found at the center and the arrows illustrating the sensegiving between top managers and employees are in brackets whereas the arrows connecting middle managers to the other organizational members aren't. The model also takes into account the process of dialogicality, which means the dialogue between the sensegiving of top and middle managers and the sensemaking of those they try to influence (Bartunek et al., 2006). The arrows in both directions represent this dialogicality and the fact that managers' sensegiving already takes into account members' sensemaking and vice versa (Sonenshein, 2010).

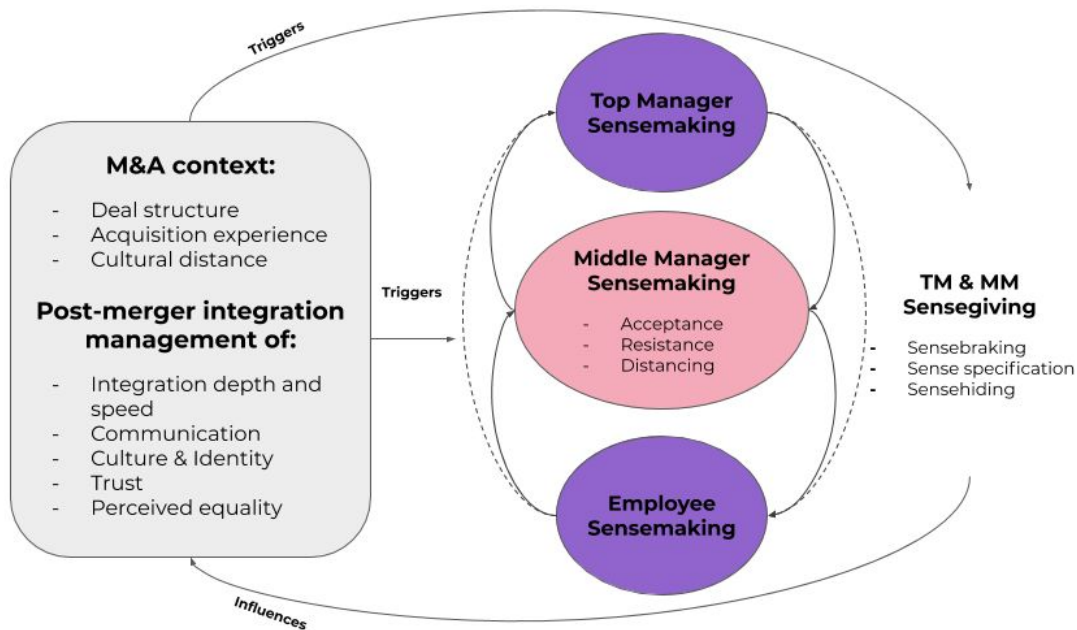


Figure 5 - Theoretical framework

To conclude, I have now discussed the research concerning post-merger integration as well as sensemaking literature and linked them both to the middle manager's position. Sensemaking has grown to be a popular method of analyzing or explaining post-merger integration challenges as researchers have created a strong link between these two strands of research. I have attempted to combine the two different parts of my literature review as well as the focus on middle managers to be portrayed in my theoretical framework. I will reflect my empirical findings back to this model, with the aim of increasing our understanding of the sensemaking of middle managers in post-merger integration and bringing new contributions to the existing research.

5. Research Design and Methods

In this chapter I will first introduce the broader methodology used in this research, then I will go over the research context, describe the case in more detail and introduce my role in the case. Next, I will further explain the methods used throughout the research and finally discuss the ways the data will be analysed.

5.1. Research Design

When studying complex organizational or managerial issues that could prove hard to study using quantitative methods, a case study research strategy is often used (Ghauri and Gronhaug, 2005). Case study is a research strategy that studies an occurrence in its real context, through the use of different data sources, aiming to “confront” theory with the empirical world (Piekkari et al., 2009). A case study is unique in many ways, such as its nature, its background, the physical setting and other contexts like economic, political and legal (Stake, 1995). Stake (1995) continues that each case study is an intense inquiry into a single case, although ultimately more interest may fall on a phenomenon or a cluster of cases than in the one specific case.

Yin (2009) argues that a great advantage of using a case study is that it provides the ability to handle a wide range of materials. Especially in sensemaking literature, single-case studies feature prominently (Maitlis and Christianson, 2014). This is in part because the single-case study research design is well suited for studying everyday as well as extreme examples of sensemaking (Yin, 2009) and it can provide a profound view of a specific occurrence of sensemaking (Maitlis and Christianson, 2014). Therefore I chose a single-case study as the research strategy for this thesis. Although a single case study limits generalizability, my objective was to shed light on middle manager sensemaking in practice and not to test a theory of sensemaking as such. Since a merger can have varying effects on different middle managers within the organization (Schweizer, 2005), a single case can reveal interesting insights of middle manager sensemaking in post-merger integration.

The aim of this research is to understand how middle managers make sense of the phenomena of post-merger integration in a specific case. This objective suggests that there must be interaction between the researcher and the phenomenon under study, leading to a certain extent of subjectivity and interpretation. As the researcher, I will act as an interpreter, both constructing the case and analysing it. Thus to form a complex

understanding of the phenomena, a social constructionist epistemology is the most natural philosophical position for this study (Eriksson and Kovalainen, 2008). In Social constructivism reality is constructed of subjective and shared meanings and the researcher is part of what is being observed, whereas in positivism knowledge is gained through empirical research, the observer must be independent and the research progresses through hypothesis and deductions (Easterby-Smith et. al., 2012).

According to Stoecker (1991), there are two types of case study research: intensive and extensive. The intensive research design aims to discover one or a few cases to the fullest and extensive design is focused on measuring patterns and properties that are common in several cases (Eriksson and Kovalainen, 2008). Intensive case study research is influenced by the qualitative and ethnographic research traditions. It highlights interpretation and understanding of the case and therefore is ideal for studying sensemaking and will be used in this study. (Eriksson and Kovalainen, 2008)

Consequently, this study will be conducted with an intensive single-case study design, where the aim is to understand the case from the inside by finding out as much as possible from the phenomena studied and then providing a holistic description of that phenomena (Eriksson and Kovalainen, 2008). I will explore the case within its physical, historical, socio-cultural and economic context, in order to construct a coherent and memorable story (Dyer and Wilkins, 1991). For this research, the empirical material is gathered through interviews as well as analysis of internal written material. The interviews will form the primary data of the research and the written material the secondary data (Eriksson and Kovalainen, 2008). I will cover the interviews in more detail in the data collection section.

I will aim to keep my research design flexible and to allow for the refocusing of the case, in an effort of what Dubois and Gadde (2002) call “systematic combining”. In systematic combining the theoretical framework, empirical fieldwork, and case analysis all develop and expand at the same time (Dubois and Gadde, 2002). For this study, this means that I kept on studying the literature as I started gathering my empirical material, allowing the findings to interplay with the existing theory and allowing my research to evolve along the process. Eriksson and Kovalainen (2008) argue that this type of openness is advantageous for case study research.

5.2. Research Context

The case chosen for this research was done so by using several criteria. First, it had to be a company with a recent merger. Secondly, the merger integration process had to have been

ongoing for some time in order to have concrete changes already implemented. This way I will be able to study the sensemaking related to the integration process. The third criteria was that I had to be able to get access to the middle managers. The case study in question is the merger between Finnish restaurant companies Restamax and Royal Restaurants, merged in the spring of 2018. Even though the process is that of an acquisition, the merger is still very much talked about like a merger of equals (NoHo Partners, 2019).

Restamax, the acquirer in this merger, was a Finnish company founded in 1996 and specializing in restaurant services and personnel rental. In 2013 it became the first Finnish restaurant operator listed on the NASDAQ Helsinki list and it has grown strongly throughout its history. Restamax's companies included more than 130 restaurants, nightclubs and entertainment centers all over Finland and more than 10 restaurants in Denmark. Restamax is based in Tampere and has had a great focus on bars and nightclubs as well as fast casual restaurants. The company has expanded rapidly throughout the years, mainly through acquisitions (Koskinen, 2018). For example in 2014 it acquired the Rengasravintolat Group including 16 restaurants, in 2016 it bought the entire stock of Unioninkadun Keidas that operated 7 restaurants and in 2017 it established a joint limited company, Rivermax, with Koskiravintolat Oy, operating 7 units. They also are known in the field of being very efficiency focused. Restamax's values were: "entrepreneurial approach, profitable growth, quickness, courage and passion". They did not address customers, nor employees in their values. Restamax Corporation's net sales for 2017 were EUR 185.9 million and EBITDA EUR 22.4 million. Depending on the season, it employed some 2,250 people as full-time employees. Smile Henkilöstöpalvelut Oy, a subsidiary of Restamax, employed about 9,000 employees a month. (Restamax Plc, 2018)

Royal Restaurants, the acquired of this merger, was the largest privately owned restaurant company in Finland. The company was founded in the early 1990s as a family business of the families Saari and Hynninen. The restaurant Group included many major restaurants in the Finnish restaurant history, mostly in Helsinki. In recent years, Royal Restaurants had expanded to include Hanko Sushi, Pizzarium and Sandro fast casual restaurant chains. The restaurant Group had 44 individual restaurants in Finland, 20 Hanko Sushi- and seven Pizzarium restaurants. The company's family business attitude has strongly influenced its corporate culture; Royal Restaurants' vision was to be the most passionate restaurant company in Finland, where money is never the only focus. The company's values were: "entrepreneurial passion, customer satisfaction, efficiency and best place to work". The Group employed more than 1000 people and had a revenue of over EUR 100 million in 2017. (Royal Restaurants, 2018)

As a restaurant company, NoHo Partners is exceptional in Europe, as it is not a single concept chain competing with another similar type of chain. It has a large portfolio of everything from a beer restaurant to a vegetarian restaurant, pizza and sushi chains, fine dining to nightclubs and classic restaurants (Rislakki, 2018). The executives of the two companies stressed the benefits of the merger as being synergy benefits from eliminating duplicate administrative functions, benefits of scale from purchases and improving HR efficiency as well as similar company cultures that make the integration smoother. Both companies had strong emphasis on passion and entrepreneurial way of working in their values. NoHo Partners' goal is to be the leading restaurant operator in Northern Europe by 2020. NoHo Partners' Chairman of the board stated that the company's goal is to build a restaurant company that combines an entrepreneurial mindset, an attitude that emphasizes the role of restaurant owners and the development resources of a large company (Taloussanomat, 2018).

The case was chosen based on its relevance and access provided. The merger is now in the integration phase, with big changes already made, such as the employee co-operation negotiations, resulting in the termination of 200 employee contracts and selling and closing or concept change of 23 units. Most of the layoffs were from Royal Restaurants side, with only the Restamax administration and sales teams affected by them. The closings affected both companies. This kind of integration decisions form an interesting base for my study because they are led by the top management, but the middle managers are then required to implement the changes, such as the termination of the contracts. This study focuses on the sensemaking of the middle managers of both parties of the merged company in the integration phase of the merger.

5.3. Role of the Researcher

Besides my role as a researcher, I play another role in this process, which began already in 2013 when I started working in the head office of Royal Restaurants. I worked in different positions, but from the beginning of 2015 moved to the role of executive assistant, where I worked until September 2017. I was responsible for time management of the executive team, especially the CEO and acted as the secretary of executive team meetings. Also from late Spring 2015 until Fall 2017, I was in charge of the company's internal communication. In September 2017 I started my master's degree and couldn't continue in my position, but stayed within the company as a front-line service employee in Pizzarium and did occasional projects for the main office. Therefore, I still received the internal newsletters and info that was distributed through the company's internal channels. During my time as

an executive assistant, I got to know most of the top and middle management as I arranged meetings and took care of the communication efforts.

I have been given access to interview the staff by the top management. My previous work at the company helped me in gaining access. However, I no longer work at the head office and throughout this research process was no longer associated with the company in the same way. Moreover, this research has not been sponsored in any way by the company so there should be no concerns over the freedom of research.

Thanks to my history, I will be able to add an auto-ethnographical layer to the research. It helps me understand the context of the study better. I can understand the reactions of the interviewees better, as I was partly in their shoes. Having a role in the company under study can “produce insights and valid contextualization of the research phenomenon at hand” (Gummesson, 1991; Johns, 2001, ref. Piekkari et al., 2005, 335). I have insight about the case an outside researcher would not have. I am familiar with the company history as with some of the history of Restamax as I have been in the same industry and followed industry news closely. I have experienced the same integration process, although from a very different perspective as I have been front-line staff, not a middle manager with direct contact to top management and information about changes.

My history at one of the merging companies also biases my views toward the people and ways of working of my previous employer. I have known personally many of the people laid off from the Royal Restaurants side as opposed to Restamax employees that I have not known before the research. I understand and agree with many of the ways of working at Royal Restaurants, I was even part of designing some of them, but I do not know the reasoning behind Restamax ways, therefore I might have some bias in that regard as well. I also had some negative views about the company culture of Restamax beforehand and they might have influenced my analysis of some parts of the data. My understanding was that they were very efficiency focused, even on the expense of employee and customer satisfaction. Therefore I was very interested to find out if my previous knowledge of the company culture was true and if that had an effect on the interviewees.

I took steps to avoid influencing the research process. I attempted to retain impartiality in my observations by noting my own suspicions, feelings, and assumptions in this section to minimize potential for subjective bias. I made efforts to remain neutral in the interviews and not let my own biases affect the interviewees. Furthermore, I cross checked my findings using data triangulation from written materials, which makes the study more objective and not just from one viewpoint.

5.4. Data Collection and Interviewing Technique

The study of the middle managers' sensemaking was done by face-to-face, one-on-one interviews in the beginning of the year 2019. The interviews concentrated on the feelings and experiences of the interviewees as well as what has influenced those throughout the integration process, starting from the initial reactions all the way to the current situation. Each interviewee was interviewed once. At the time of the interviews, they had experienced the integration efforts for more than a half year and had a good understanding of what had happened and what is yet to come. Also the timing of the interviews is due to the seasonal changes in the restaurant industry as the end of the year is always the busiest time and the beginning of the year slower, so it was easier to gain access to the interviewees then.

The interviewees were chosen based on volunteering. I sent out an email to all middle managers in the company asking them to volunteer by explaining the purpose of the research and stating that they would be helping me to graduate as well as helping the organization to better plan change implementation in the future. As my research is specified to middle managers, it gave me the choice of participants as a given. Age and gender were not relevant to my research question and therefore they did not play a role in participant selection. I planned to interview middle managers from both companies, hopefully from different kinds of positions, to be able to get comprehensive empirical material. In the end, I was able to interview 3 middle managers previously employed by Royal Restaurants and 3 middle managers previously employed by Restamax.

Through the interviews I was able to gain insight on the interviewees' different perspectives and experiences as well as to inquire for detailed information about the integration process. The interviews were semi-structured, with a narrative edge and my aim was to ask very little straightforward primary questions and instead try to get the interviewees to tell about their experiences and feelings and ask secondary, follow-up questions based on their answers. However, I could still keep some structure to the interviews with a pre-prepared outline in order to get systematic and complex material from them. Semi-structured interviews means that there is a prepared interview guide beforehand, but the researcher can deviate from that guide during the interviews depending on the interviewees' answers (Eriksson and Kovalainen, 2008). The interview guide was written in both Finnish and English (Appendix 1). The interviews were held in Finnish, as that is the mother tongue or at least the work language of the interviewees.

The interviews were held as face-to-face interviews in Helsinki or Tampere. The interview questions were mostly open-ended, simple and neutral to give the interviewees plenty of control over the conversation and to generate detailed responses (Eriksson and Kovalainen, 2008). The interviews lasted approximately one hour, ranging from 35 min to 1 h 11 min. This was a reasonable time to require from the participants, but enabled me to get enough material for the research.

Title of Interviewee	Former company	Time of the Interview	Length of the interview	Interview Language
Restaurant Director	Royal Restaurants	8.1.2019	1 h 2 min	Finnish
Head Chef	Royal Restaurants	8.1.2019	35 min	Finnish
Line Manager	Restamax	11.1.2019	51 min	Finnish
Restaurant Director	Royal Restaurants	14.1.2019	1 h 11 min	Finnish
Restaurant Manager	Restamax	22.1.2019	47 min	Finnish
Line Manager	Restamax	26.3.2019	1 h 4 min	Finnish

Table 1 - Interview overview

The interviews were tape-recorded and transcribed. Especially since the subject is the interviewees' feelings about the merger process, it was very important that the interviewees were well informed of the recording beforehand and that they consented to it (Eriksson and Kovalainen, 2008). Moreover, it was crucial to assure the interviewees that their answers will be processed and analysed anonymously and neither in the thesis report nor in any communication with the company top management will their individual opinions be discussed. I also tried to remain impartial in the interviews and not let my own opinions and feelings show in order to get the true account of the interviewees' sensemaking.

I have been able to observe the top-down communication of the integration from the beginning of the process through staff newsletters and other internal communication. This way I can not only rely on the interviewees' memories and descriptions on what happened or not, but record actions when and how they take place. Through my auto-ethnographic participation, I will also be able to have a first-hand account of my own sensemaking

experience in addition to the observed sensemaking of others (Bechky, 2006). The written documentation, such as the newsletters and press releases as well as other possible documents will be collected to provide additional data triangulation (Jick 1979). The triangulation means that I will use the written materials to build over the findings of my interviews, especially in writing the integration story. The triangulation from multiple sources should allow me to have a more complex image of the particular social setting the research is conducted in as well as the activities it is comprised of (Eriksson and Kovalainen, 2008).

5.5. Analysis of Data

The initial analysis of the research data concentrated on building a narrative of the case (Langley 1999; Pettigrew 1990). The interviewee's different accounts and perspectives as well as other documentation were combined to write an integration story and to create a thick description (Balogun and Johnson, 2005). This was done with the intent to "capture the ebb and flow" of what had happened during the integration and how the interviewees had experienced the process (Balogun and Johnson, 2004).

Following that, the analysis of the data was conducted using a hybrid approach of qualitative methods of thematic analysis, including both the data-driven inductive approach of Boyatzis (1998) and the deductive a priori template of codes approach outlined by Crabtree and Miller (1999). This approach allowed the complete use and reference of the theoretical framework, while also allowing for themes to emerge direct from the data using inductive coding.

First with the inductive approach, I let the data speak for itself. Meaning, I looked for themes, categories, activities and patterns that arose from the empirical data naturally, rather than from a "pre-given theoretical framework or a set of pre-formulated propositions" (Eriksson and Kovalainen, 2008, pp. 17). The inductive analysis of my findings can be found in Chapter 6. In the deductive approach part, the findings from the empirical data were then analysed using a technique similar to Yin's (2009) "pattern matching", where patterns found from the empirical data are compared with the concepts that appear in existing theory. This can be found in Chapter 7.

All of the interviews were recorded and the recordings were then transcribed *in verbatim*. In this research, the coding process involved recognizing an important moment and encoding it prior to a process of interpretation (Boyatzis, 1998). Encoding the information organizes the data to identify and develop themes from them. Every attempt to recode,

organize and label the empirical data includes some kind of interpretation, which can be more or less systematic (Eriksson and Kovalainen, 2008). Coding means that the features, instances, issues and themes in empirical data are classified and given a specific label, a code (see e. g. Miles and Huberman, 1994). All through the analysis phase, the findings were checked back to the original transcriptions, to minimize misinterpretations and to ensure that the content of the data was not altered in any way during the analysis.

6. Empirical Findings

Within the following sections, I will cover the results of my empirical study. The empirical material includes interviews and written materials from internal newsletters as well as media and my autoethnographic observations and experiences from the integration process as an employee within the company. I will first describe how the case has evolved in detail in the integration story. Thanks to my role in the company, I was able to use my own knowledge of events to write the bulk of the integration story. I also used data from my interviews to highlight certain aspects of it as well as data from the open answers in the Work Satisfaction Survey, conducted in Spring 2019.

Following that, I will go over my findings from the interviews. I started the interviews already at the end of January, but due to conflicts in schedules I was able to conduct the last interview only at the end of March. Between these I mostly worked on the theoretical framework and updated the research design as I learned more on the process. I transcribed the interviews after they had all been made, therefore I could rely on only what I heard the interviewee saying and not on my interpretation of the situation in the interview. I went over the transcriptions several times and started to find patterns that occurred in several interviews, or that contradicted one another. I coded these findings and continued with combining the numerous patterns into bigger themes. I ended up with 8 themes that I will go through in the sections to follow.

6.1. Integration story

Restamax and Intera Fund II Ky ("Intera") and other shareholders of RR Holding Oy ("Royal Restaurants") signed a trade agreement on 11 April 2018, whereby Restamax acquired the entire stock of Royal Restaurants and the owners and executives of Royal Restaurants made an investment in Restamax. The entire trade amount was 90 M€. The deal was finalised in June 2018. The initial aim was to complete the integration in the second half of 2018 and early 2019.

In their written and spoken communication, the executives of the merged companies stressed the similarities in entrepreneurial culture and passionate people as well as the complementary market positions (Koskinen, 2018). Royal Restaurants had a strong market position in Helsinki and Restamax, in turn, outside the Helsinki metropolitan area.

6.1.1. Early integration and adjustment period

In the first phase of the integration the executive teams of two companies were combined. Aku Vikström, previously Royal Restaurants' CEO, was named as the new CEO of the company and Juha Helminen, previously CEO of Restamax was named Director of International Operations. After that, the summer went by with practically no news or changes about the merger. This was speculated by the interviewees to be to give them room to adjust and to focus on the important summer months' operations. Summer is a busy season in the restaurant industry, especially in restaurants with terraces, although big event houses are more quiet and mostly on holidays. The hiatus was also due to the administration summer holiday season, as there were no people present to work on the integration, but it worked as an adjustment period all the same.

The rest of the new executive team was announced on September 1st 2018 and comprised of CFO Jarno Suominen (previously Restamax), HR Director Anne Kokkonen (prev. Royal), Commercial Director Joonas Mäkilä (prev. Royal) and Development Director Perttu Pesonen (prev. Restamax). Business areas of the company were organised in six sections for following Business Group Directors, also members of the executive team, to lead: Nightclubs & Entertainment - Helsinki area: Eemeli Nurminen (prev. Royal), Nightclubs & Entertainment - Other cities: Paul Meli (prev. Restamax), Restaurants - Helsinki area: Benjamin Gripenberg (prev. Royal), Restaurants - Other cities: Tanja Virtanen (prev. Restamax), Fast Casual: Tero Kaikkonen (prev. Restamax), Events: Elina Yrjänheikki (prev. Royal). Eemeli and Tanja were promoted to the executive team during these nominations, as they were previously middle management.

Thereafter the executive team has been streamlined as Elina Yrjänheikki (BGD, Events, prev. Royal) left the executive team on May 1st 2019 and transferred to lead the company's new development ventures and Joonas Mäkilä (CD, prev. Royal) resigned, leaving the company on June 26th 2019. These changes were both communicated as their own choice. Consequently both of their responsibilities were divided among the remaining executive team members and no new members were nominated, aiding in the company's ambitious synergy savings.

6.1.2. Intense integration period

Later in September 2018, the merged company begun negotiations under the Act on Co-operation within Undertakings, first concerning Group administration and later

concerning the personnel of Royal Restaurants, the target. The aim of the negotiations was to discharge overlapping functions, combine management, administration and support functions as well as reform the operating model of restaurant units to better meet customer demand. The negotiations concerned a total of about one thousand people, 81 in management, administration and support functions from both companies and the remaining 900 people from restaurant personnel in the target company. Geographically, the negotiations were focused on the Helsinki Metropolitan Area, where the Royal Restaurants' units operate as well as some people in back-office work in Tampere. For example most of the company's financial operations were outsourced and the sales organization was centralized in Helsinki. The negotiations did not concern restaurant managers and chefs responsible for business results.

These negotiations were a part of the Group's goal of achieving synergy benefits of some MEUR 6 in 2019. Other measures to reach that goal were economies of scale in purchasing and procurement volume and the improvement of staff efficiency. The negotiations resulted in the reduction of 200 persons and in the shifting to part-time work of 40 persons. The reduction of positions took place mostly through voluntary arrangements and terminations, and upon the expiry of the employment contracts of workers occasionally called to work. The employees to be terminated were offered the opportunity to participate in support measures organised by the employer to promote re-employment. Furthermore, in the second half of 2018, a total of 23 non-profitable restaurant units were sold or discontinued. Reasons behind the low profitability were significantly decreased competitiveness due to the location, lease agreement or the competition. The closed units included 5 former Royal Restaurants units and 18 former Restamax units. These units were located in Tampere, Hämeenlinna, Lappeenranta, Helsinki, Pori, Kotka and Rauma. (NoHo Partners, 2018)

In December 2018 the company announced its new name, NoHo Partners, that comes from the words 'Nordic Hospitality Partners'. According to official communication, the new name is meant to communicate the core of the company's operations. 'Nordic' refers to the company's future growth market as well as to Nordic quality, which is appreciated and attractive worldwide. 'Hospitality' presents the company's desire to expand beyond conventional restaurant operations in order to interact more with their customers, at large events as well as through digital sales channels. The last word of the new name, 'Partners', refers to the cornerstone of the company's entire operating model and their key competitive advantage. It means that the different units of the company are partners, forming the Group together. It also refers to the entrepreneurs responsible for these

individual units who are partners within the Group. NoHo Partners states that through shared ownership and entrepreneurship, they “can create meaningful customer experiences in Finland and abroad” (NoHo Partners, 2018). NoHo Partners is the parent company in the background and the company will continue to communicate with customers using the restaurants’ own names and brands. For staff members, however, NoHo Partners will be a common denominator striving to be the best workplace in the industry in the future, as said in the Group’s internal newsletter.

System integration was done in late 2018 and beginning of 2019. Most important integration items were HR systems and financial procedures. As Royal Restaurants had more advanced HR systems, for example a more recent version of the work shift planning software both used, the Group decided to take that into use Group wide. Also the staff management system in use in Royal Restaurants was introduced to Restamax units. Moreover as Restamax was and now NoHo Partners is a listed company, Restamax’s financial procedures were mostly taken into use Group wide, which consequently resulted in changes on the Royal Restaurants’ side. The staff have given feedback that the changes have been very fast and communication about them has left room for improvement. The interviewees stressed the importance of clear and timely communication as well as the proper timing of changes.

6.1.3. Integration conclusion

During 2019 NoHo Partners has emphasized unity among personnel with for example a 22h staff cruise for all Group staff members that included music performances, stand up, buffet dinner and brunch as well as rewarding best employees and units of the previous year. The cruise got good feedback from the employees throughout the organization. According to feedback it communicated a welcomed focus on the enjoyment of the staff. However, there has been a lot of feedback on the increasing focus on efficiency and cutting down on hours as well as transferring employees to work through rental labor company instead of company’s own records. These changes have increased strain on employees and caused discomfort as well as several long time employees to leave the company.

In the employee satisfaction survey conducted in early 2019, NoHo Partners has received good feedback for being a very stable and large employer, salaries are paid on time and the employees are given the opportunity to work in a wide variety of units and tasks. Employee benefits are also very good at Noho Partners compared to many other employers, even though they too received some cuts as the number of staff members increased dramatically due to the merger. During 2019 NoHo Partners have also announced the opening of new

units as well as expansion to Norway. Moreover, the executive team is unifying the company values in 2019.

6.2. Sensemaking triggers

From the data collection, I found 8 inductive themes that affected the middle manager sensemaking in the post-merger integration process: 1. *Reserved Understanding*, 2. *Lack of Resources*, 3. *Communication*, 4. *Change in Values*, 5. *Trust and Labeling As “Other”*, 6. *Expectations vs. Reality*, 7. *Perceived Equality*, 8. *Shielding the Staff*. In the following subchapters I will introduce each one and highlight them with extracts from the interviews.

6.2.1. Reserved understanding

Many of the middle managers I interviewed seemed to understand that changes were necessary. They also spared sympathy to the executive team and others in the back-office who were trying to plan the changes and integrate the two companies. Moreover, they understood the focus on efficiency and that there was room for improvement in that department. They also understood that in a listed company communication has to be done to the general public at the same time as the staff. However, the sentence usually went: “I understand, but...”

“I understand why there are new systems and ways of working, and they are mostly a good thing. Systems need to be unified and it's really sensible, but it takes quite a bit of time. I don't think it's been taken enough into account that if the manager has to spend a lot of time on the computer, they need to hire rental labor to the service and that makes a dent in the efficiency.” - Middle manager, acquirer

This example shows that the respondents understood the need to change and they understood the changes in general. They however, did not agree with all the details of the changes and how the changes were affecting their work in ways they had perhaps not anticipated and that even top management had not perhaps anticipated. They didn't want to actively agree nor disagree with the overall changes, but instead focused on the nitty gritty and questioned it.

“I understand that we need to be more efficient and there is heavy scrutiny over work efficiency, but I don't know if the top management understands that making top food products from scratch requires a lot of manual labor” - Middle manager, target

“I understand that in a change situation it can be very difficult to communicate when things are constantly changing. But in my opinion the best way would be to communicate clearly what we know, what has been decided, who this affects and when.” - Middle manager, target

Moreover throughout the interviews even though the interviewees were very adamant of specific issues on the integration process, they were quite neutral on the overall idea of the merged company. They understood the need for the merger and because of the history of acquisitions in both companies and in the industry in general, the idea of a merger was easy to digest. Interestingly, they also stated that even though they themselves had quite neutral feelings they knew of others who had more issues with the merger. It was perhaps easier to focus on others' negative feelings than emphasize their own, both for the sake of the interview situation but also for their sensemaking.

Finally, some shared undermining statements, that are neutral from the surface, but might convey of unsaid unhappiness underneath, such as *“It is what it is”* or *“Well, this is what we got”*. The middle managers didn't want to be strictly acceptant nor resistant towards the merger, as there wasn't anything they could do about it. Instead, they tried to remain neutral and maybe take some distance from the situation with this kind of statements.

6.2.2. Lack of resources

The quotes in the previous section can also be understood to result from a lack of resources. The middle managers had trouble understanding the diminishing in the resources they have to work with, which affected their sensemaking of the integration process.

Moreover, as can be expected in an organization in the midst of heavy turmoil, the respondents pointed out that there are currently some unclear roles. Some work tasks are such that they do not fall specifically to anyone's job description and at the moment nobody really knows who should handle them. Moreover, there are situations, where middle managers have encountered that if they do not know how to handle something, chances are nobody in the organization knows.

“When there's a problem with a system and you start asking around, nobody can answer and nobody will do anything about it. Everyone is thinking it's not my job.” - Middle manager, acquirer

The lack of resources and the uncertainty from the merger have resulted in a lack of commitment to some regards. As situations are constantly changing and you do not know what is supposed to be done to something, you do not do anything about it. According to the interviewees, this problem had eased as time has gone along, but it was especially evident in the fall and winter when there were layoffs and the biggest changes in administration. This can be the result of the fact that in heavy turmoil of integration, minor things can be left unattended when no-one has no time to spare, as the following excerpt speculates.

“In January, it was a different person who handled a certain task, as it is now. Everyone seems to be a little overworked at the moment and no one has any extra time. Everyone has so many projects and things to do, so whatever task is left behind, it’s not always clear whose job it is and changes to the person responsible are not communicated. And when you message the person who’s handled the task previously, they reply that they’re not in charge of that anymore. Yes the right person has always been found, but it has required a little digging.” -Middle manager, acquirer

6.2.3. Communication

Communication is something that can always be improved, and that’s something the interviewees point out. It was the one item that came out in every single interview, from both target and acquirer middle managers and it was something they all listed as an improvement point. A specific issue they have had with communication is that it’s coming in bits and pieces and there is no clear bigger picture.

“In my mind if there’s going to be a change, it shouldn’t be that hard to list all the things you need to know about the change in bullet points like what date will the change be implemented, when will instructions be sent etc. Now it came in bits and pieces and there were changes to the changes so it didn’t really work.” - Middle manager, acquirer

“The instructions should be given in full and not so that further information is provided every two weeks and by three different people.” - Middle manager, target

They listed as things they did not like the fact that information on the same change or topic is given by different people, changes are announced at the last minute and not all the necessary information is given at once. Most interviewees would rather get all the information at once than in bits and pieces. They suggested that even though all

information might not be available at once, they would like to receive a list of all the things they needed to know of the change, especially dates and deadlines, and when they could expect more information. That way they can prepare for the change even when everything related to it is not known at the initial time of contact.

“I feel like we’ve been living day by day. If something changes tomorrow, it’s communicated today, leaving no room for preparation in the restaurants.” - Middle manager, target

“All information comes at the very last minute and comes from some e-mail, a new person, not from your direct supervisor.” - Middle manager, acquirer

Furthermore, some interviewees would have preferred for information on changes to come from their supervisor, as that always makes them concentrate on the information given, for example the email they receive. Contrarily, if the information is sent from a previously unknown email address, they might not be as keen to look at it straight away and could miss some important details. In addition, some interviewees would prefer face-to-face communication, especially regarding bigger changes.

One reason why communication and information was important to middle managers was that they would next have to convey that information to their staff.

“Yeah I want to know the background, what is the reason behind the decision, because next you are asked why something is how it is. And then I have to have a ready answer so I answer how I should answer and don't tell you my own tales here. I'm good at telling fairy tales, but I want to be honest with my staff and not tell them any half truths.” - Middle manager, target

“It's always kind of my job to find out so that I can then tell my restaurant managers who is in charge of what job now.” - Middle manager, acquirer

Middle managers knew that they would be asked questions by their staff and stakeholders and thus wanted to have answers to give them. The middle managers were all very protective of their staff and wanted to be the best possible managers for them. They wanted to be as honest with them as possible and not keep them in the dark.

Another aspect of the communication was the way things were communicated. Target company employees were appalled by some of the acquirer communication culture, where emails were filled with all caps, commanding tone and lots of exclamation marks. This is very much related to the atmosphere of trust discussed in the section 6.2.5. and it is

something the target middle managers had already given feedback on and had seen some improvement in that regard already. As stated previously, communication was the single biggest issue the interviewees had on the merger. They voiced the most disagreements regarding it and it was the one thing they believed if fixed, would help the rest of the process. However, in my opinion, it did not elicit middle manager sensemaking as much as other aspects in my results. I believe this is something that is an issue in every organization, be they amidst change or not, and thus it wasn't as big a sensemaking trigger for the middle managers as many other aspects were.

6.2.4. Change in values

When asked about changes to their work, the respondents talked about specific changes in HR processes and systems as well as processes regarding financial information. Mostly changes in HR had been brought to Restamax from Royal Restaurants and vice versa for the financial processes. However, there were some more abstract changes that affected the middle managers' sensemaking. Especially former Royal Restaurants' middle managers were afraid of the merger affecting the quality image of the Group and their own units. They were also concerned about the merger partner's values. They saw Restamax as one that focuses too much on efficiency and has a culture of micromanagement.

"Maybe the first thing that came to mind when I heard who the acquirer was, is related to this quality image and what happens to us after that." - Middle manager, target

"Certain thoughts about the values of the acquiring company seem to be realized over the long term, like this emphasis on efficiency, chain management and the dictatorial management style." - Middle manager, target

Quality of the service and products seemed very important aspects to the former Royal Restaurants middle managers. These aspects were clearly linked to their pre-merger occupational identity and the threat to that identity made them feel resistant to the changes.

"And now, frankly, I'm afraid we won't be so inclined to meet quality criteria as we've been before, because we're moving to just thinking about efficiency and in the short term, yeah, maybe you're doing a good result, but in the long run I don't believe it will hold. You will lose your customers because of it." - Middle manager, target

The expressed concerns were still mostly fears of changes that might come but haven't been realized yet. Some aspects of the fears had come to pass, but the interviewees were

mostly worried of bigger changes still to come. So even though my goal was to get a case with the integration far along and thus changes already realized, these were such concerns that would only begin to show in the long term.

Contrarily, former Restamax middle managers had some positive thoughts about the changes the merger had brought to the values. They complimented the new top management for emphasizing more the entrepreneurial mindset the company has about its different units. This was one aspect the top management commented on during the merger announcement, but the interviewees feel that it could be communicated more also internally.

“It was quite positive in the sense that until now there has been a lot like maybe the inner mindset that Restamax decides how things are done in the whole Group. But it was a good bet from Aku [Vikström, NoHo CEO] in an interview to emphasize the entrepreneurial way of working we have. Not everything works the same way in all kinds of business and we can do things our way in our unit. In my opinion it could be emphasized even more, especially in the restaurant level, that big decisions are made in the executive team but small things can be done in the restaurants themselves.” - Middle manager, acquirer

This integration has actually improved my thoughts about the Group, now that I’ve been at the forefront and witnessed also many changes to the better.” - Middle manager, acquirer

Many of the interviewees identified themselves to their unit/units or subsidiary and not the Group. Therefore this emphasis on the entrepreneurial attitude of the individual restaurants or restaurant groups made sense to them. As both merger partners have been active in acquisitions and consist of several smaller subsidiaries and haven’t emphasized the Group brand in their marketing communications, this is very understandable. This was one aspect connecting the two merger partners and therefore it’s easy to keep emphasizing it even more in the future.

6.2.5. Trust and labeling as “other”

There was also much talk about an atmosphere of trust and how that has affected the middle managers’ sense of self in the past and how they might have some fears of that atmosphere changing now that the merger has happened. Royal had “best workplace” as one of their core values, but Restamax did not mention staff in their values at all. Therefore, the target middle managers fear that that might affect the relationship between top and

middle management. The target middle managers felt that changes in the line of command as well as rhetoric of some of the acquirer's top management imply a lack of trust in the organization.

"What I've heard of the current management, or more specifically some of the acquiring company executives, is that they are a little guilty of micromanagement and there have been a few incidents of putting their foot in their mouth such as "I can I call you in the evening and ask how much meat you have in the fridge," or "I can call you in the evening and ask how much is your base cash." That just gives the message that I don't trust you." - Middle manager, target

"In a way, you know, if I am responsible for the unit, shouldn't I be trusted to do my job. The fact is, that if the Business Unit Director is double checking rosters, is that maybe using their time for the wrong things. I think that goes a little too far into micromanagement, on the wrong level." - Middle manager, target

The issues were mostly connected to superiors checking the work of middle managers in things related to cash handling and making rosters. Middle managers also connected the fact that many employees are no longer NoHo Partners employees, but are employed through a rental company to the trust and emotional bond they have with the company and unit they work in.

"I believe that the stronger the emotional bond you have to your employer, the stronger is the atmosphere of trust, and the less likely are things to go overboard. Because if you are trusted, you want to do things properly and the community controls itself." - Middle manager, target

The middle managers of both sides of the merger value the trust they have been able to form with their superiors and with the company as a whole. Many of them have had long careers in the company and know personally many of their coworkers, be it peers or superiors. Interviewees on the Restamax side also pointed out that many of the current top managers have been middle management in the past. These personal relationships with the top management form an atmosphere of trust for Restamax side, but the lack of them bring concerns to the former Royal Restaurants middle managers. Behind these statements is the fact that Restamax's executive team before the merger was fairly small and therefore there weren't layoffs from the executive team in the cooperation negotiations. However, Royal had a bigger management team and two top managers got laid off.

Consequently, Restamax middle managers didn't experience such a drastic change to the top management and the trust between them as Royal managers did. There seemed to be a lack of contact between Group staff and former Restamax top managers and these managers' lack of willingness to introduce themselves to the entire organization didn't help matters. Former Royal managers have been visible in the press and in the Group-wide communication, but former Restamax managers have not.

"Well, of course it would be nice to know the people, who is behind what. At least on the manager level. You've seen photos of people, but I haven't seen them once and it would be nice to shake hands at least." - Middle manager, target

"When I was hosting the Executive Team in my unit, the new executive team members who I didn't know did not greet me. So I had to be the one running after them with my hand stretched out introducing myself and saying hi. I think it's just polite to introduce yourself, especially when you're in a management position, so it was odd they didn't make the effort." - Middle manager, target

The target side interviewees expressed wishes to get to know the new managers more. This could help them build trust and ease the resistance bubbling under that issue. And since they do not know the acquiring side top managers, there was some discontent from the target side for the new management team, and a feeling that they did not quite understand the business.

"I think there's people who are making decisions that don't understand at all what we do here. No idea what we do here." - Middle manager, target

"I've given feedback that the new owners need to understand the entirety of the customer service chain, that it spans from the first contact to when the money is in our account. And that it is a lot longer than in your basic beer joint" - Middle manager, target

The target company's middle managers expressed concerns of the acquiring company's lack of understanding of the different kind of business the target has. The acquirer has mostly units where the number of customers is large, but the revenue per customer is quite small. The business is mostly one-off encounters, where customers pay for their beverage or food on the spot. On the contrary, the target has many units where one customer can bring tens of thousands of revenue and the customer service chain can take months, even years. The work for that particular customer starts long before the actual event and the payment is invoiced only after the event.

Due to the lack of understanding each others' business and lack of contact with former merger partner management, some interviewees labeled their merger partners as "others", using stereotypes and devaluation. They either questioned the other side's former duties or the business they operate in.

"I have no idea what you Royal's side line managers' job description has been. That's a bit of a question mark. So I can't say how much their job has changed." - Middle manager, acquirer

"I would have brought forward and kept apart the units that focus on food and service and such and stressed that this is where they are top-notch and knowledgeable and then there is this beer joint side separately. Because, those Restamax units do not interest me. I have too many prejudices against them probably." - Middle manager, target

Because they did not know what the merger partner's colleagues do or have done previously, they used the limited information they have to build stereotypes. They diminished their business model or work duties to make themselves feel superior to them. On both sides this was related to their occupational identity. On the target side their identity was built upon the quality of the products and service they give to customers and on acquirer side on how independently they operate their units and how much they know of the figures of the business.

6.2.6. Expectations vs. reality

Because both parties in the merger have been active in growing through acquisitions, several of the interviewees have experience from being a target or an acquirer before this particular merger. Therefore they had specific knowledge of the probable integration process and could expect changes and thus prepare for them. Some even said that this helped them in coping with the changes.

"I feel like this has been kind of a nicer experience than I had before. But then I also could expect what's coming" - Middle manager, acquirer

"The changes didn't seem so drastic because I knew to expect them, having been "sold" once before" - Middle manager, target

Because of this acquisition experience, there is also a lot of experience from integration in the merged organization. Especially Restamax has grown very aggressively in the past years

through bigger and bigger acquisitions. When asked to talk about something positive about the merger, this came up as one of the answers. Also the middle managers' sensemaking was helped by the fact that the merger could be expected. In light of the past acquisitions of the companies, a big merger was not unusual.

"Perhaps the positive thing is that Restamax has a lot of background in these integrations. So apart from all this mental and emotional pains and communication mishaps, the process has gone professionally." - Middle manager, target

"Well, the merger was a surprise of course, but on the other hand, it is not surprising because I had followed the company's way of working and we have always bought bigger and bigger organizations." - Middle manager, acquirer

However, the Middle managers from former Restamax side didn't expect there to be so many changes in Restamax's operations. They probably didn't understand the size of the acquired company and how that would affect the merger integration process. Moreover, they presumed that maybe the size of the merger and the amount of necessary changes might have been a surprise also to those planning the changes.

"Throughout the years there have been several acquisitions and you always knew what's going to happen, and that it's always the same, there would be the news that a certain restaurant has been bought, and at some point there will be news that now it has been transferred to the Restamax way of working. But this time it's interesting how different it has been. The talk hasn't been of only integration Restamax's way of working to Royal, but how we're going to start to do things together. There have been surprisingly many changes to Restamax as well." - Middle manager, acquirer

"I think the requirements of an integration of this size came as a surprise also to those who are working on the integration, and that's why things are done in a terribly fast schedule. Maybe all the plans and decisions that have been made or the instructions given haven't been thought all the way through." - Middle manager, target

As Restamax has grown aggressively and become an industry giant, the acquirer middle managers have incorporated this acquirer mentality as part of their organizational identity. Previously Restamax has always been the one to call the shots and decide what systems are in use for example. This merger behavior with changes to both sides is going against that identity and therefore they feel threatened and portray resistance.

6.2.7. Perceived equality

Although this merger was talked about very much as a merger of equals, it was still an acquisition. News outlets reported about the deal as it was, Restamax buying Royal Restaurants, which let especially the Restamax side middle managers think that this would be like any other acquisition the Group has done previously. Some of the interviewees thought that perhaps the initial communication of the merger could have emphasized the equality aspect and upcoming changes for both sides. In later communication this was evident, but the initial news focused more on the acquisition. Focusing more on equality and being clear about the changes upfront, could have helped some interviewees to be even more accepting to the changes.

“But I thought about it when Aku was announced as the CEO that wouldn't it have been better to choose a completely new CEO. It might have helped the integration, you now, now especially in Tampere, it's a little hard to chew that there's a lot of people from Royal's side in the executive team, and the sales were all concentrated in Helsinki, i.e. Royal's side. And, don't get me wrong, Royal has done that job much better than Restamax ever. And that is quite understandable, but the restaurant managers or employees don't know it.” – Middle manager, acquirer

Equality is somewhat of an aspect for disagreement on the acquirer side. This is very much related to the statements above that the acquirer middle managers and employees did not see this merger as one of equals, because they're right in reality it's not, and therefore did not agree with some of the changes especially in the top management. The acquirer side viewed some of the changes as more favoring the target, especially the CEO choice and concentrating all sales to former Royal sales office in Helsinki. They viewed that even though they had been the acquiring side, they were losing the equality battle to the target. This was a reason for some resistance, more specifically disagreement on the acquirer side, especially in Tampere, where Restamax had been the strongest in the past.

Interestingly, the aspect of equality did not come up strongly from the target side, but in some way it did manifest as a relief. The target middle managers were relieved that there were still people in the executive team they could trust and that understood their business.

“The only thing might have been that thank god, our BUD is not leaving and the CEO was in the end Aku, who has somewhat an understanding of what the quality of the service should be and how we can keep the customers.” – Middle manager, target

I believe the target middle managers took the communication on equality to heart and as they knew their company had a strong brand and market position as well as size, the acquirer couldn't just run them over and change everything. Especially the CEO announcement early on in the integration process and later the distributively equal executive team gave them hope that not everything was going to change.

6.2.8. Shielding the the staff

As stated before, the middle managers were very devoted to their staff. They emphasized that they wanted to shield their staff from the biggest impacts of the integration. They felt like it was their job to take the biggest hit and soften the message a bit when talking to their staff or keep some of the harsher reasoning behind the changes to themselves and try to make the change into something positive for their staff.

"I need to explain to my staff why I'm so strict with the reasons behind every work hour, but on the other hand I'm trying to keep everything away from the performing level that doesn't concern them directly, so I do not overload them. I'm paid to think about those." - Middle manager, target

"I'm also purposefully protecting these people because I don't want to get a negative feeling here, people being pissed at work. So I never really tell the staff that we change something because the Group demands it, I just announce that now we are doing something in a different way." - Middle manager, acquirer

This was true for both the target and the acquirer. The middle managers felt it was their responsibility to deal with the changes and let their staff concentrate on the actual work. They wanted their staff to feel good amidst all the changes and not be influenced by their own feelings of doubt.

7. Discussion

Coming back to my research question, there are different ways in which middle managers make sense of the post-merger integration. In this section, I link my inductive findings to existing theory using my theoretical framework as the base for the discussion. The triggers I found in my empirical material are listed in the tables below. I will compare them to the literature, using the deductive, “pattern matching” method (Yin, 2009). I will first discuss the inductive themes from the interviews through the M&A context and managerial interventions and then discuss my findings against Monin et al.’s (2013) sensemaking and sensegiving model.

7.1. Context and managerial interventions

The inductive themes found from my empirical research can be categorized under the factors affecting middle manager sensemaking, as is evident in Table 2 below. Most of the triggers (5/8) I discovered through my data can be labeled under the heading PMI management, with the remaining two related to M&A context and one theme related to both.

Trigger	Integration factor
1. Reserved understanding	PMI Management
2. Lack of resources	PMI Management
3. Communication	PMI Management
4. Change in values	M&A Context
5. Trust and labeling as “other”	PMI Management
6. Expectations vs. reality	M&A Context
7. Perceived equality	PMI Management, M&A Context
8. Shielding the staff	PMI Management

Table 2 - Integration factors

Reserved understanding, *Lack of resources* and *Perceived equality* are related to what Steigenberger (2017) refers to as structural interventions. The middle managers aim to make sense of the operational integration: procedural tasks, like the integration of financial systems; physical tasks, like allocating resources; and managerial and socio-cultural tasks, like the defining roles and designing reward systems (Shrivastava 1986). *Communication* and *Shielding the staff* on the other hand are *Leadership and communication-based interventions*. These interventions refer to sensegiving activities used to manage stakeholders' interpretation of the integration process (Junni and Sarala, 2014). In this case the trigger *Communication* is related to the top management sensegiving the middle managers experience and the *Shielding the staff* is related to the sensegiving the middle managers engage in themselves towards their staff.

The remaining triggers, *Change in values* as well as *Expectations vs. reality* emerge from the M&A context. The triggers in *Change in values* stem from the cultural distance between the acquirer and target and how the target finds the attractiveness of the acquirer's culture low due to the low emphasis on quality and employee satisfaction and on the other hand the acquirer is attracted to some aspects of the target culture, such as emphasizing the entrepreneurial attitude. *Trust and labeling as "other"* is connected to the context factor Steigenberger (2017) calls *Employees' ex ante perception of the integration process and stakeholder power*. However, it is also strongly related to the management of the human aspects of the integration (Graebner et al. 2017) and therefore labeled here under PMI management. The position an employee takes in regards to the integration depends, along with other factors, on their trust in the management and expectations of how the change will affect them personally (Bourantes and Nicandrou, 1998). Although this is not always the case, employees often have a sceptical attitude towards integration processes (Greenwood et al. 1994).

The aspect of context Steigenberger calls *Prior integration experience* is evident in my inductive theme *Expectations vs. reality*. It also links with *Perceived equality* and how that results in the management of both internal and external stakeholders' interpretation of the integration process through sensegiving activities (Junni and Sarala, 2014). Intuition suggests that companies with integration experience should do better in future integrations than firms that haven't integrated targets in the past, although research on the topic is inconclusive (Haleblian and Finkelstein, 1999). My findings also suggest that the experience doesn't necessarily facilitate the sensemaking of the middle managers, although it does have some evident benefits.

7.2. Sensemaking

In the Table 3 below, the inductive themes from the interviews are categorized under Monin et al.'s (2013) sensemaking and sensegiving categories. Additionally, I differentiated between the target and acquirer, determining which uses what category of sensemaking.

Trigger	Acquirer/Target	Sensemaking
1. Reserved understanding	Both	Distancing
2. Lack of resources	Both	Resistance
3. Communication	Both	Resistance
4. Change in values	Acquirer	Acceptance
	Target	Resistance
5. Trust and labeling as "other"	Target	Resistance
	Both	Distancing
6. Expectations vs. reality	Both	Acceptance
	Acquirer	Resistance
7. Perceived equality	Target	Acceptance
	Acquirer	Resistance
8. Shielding the staff	Both	Sensehiding

Table 3 - Sensemaking triggers in post-merger integration

My results show that same triggers can result in different kinds of sensemaking if the middle manager is on the acquirer or target side, yet in other cases the opposite occurs and both target and acquirer use same kind of sensemaking on the same issue. Furthermore, same triggers can result in acceptance, resistance or distancing for different individuals. All of the respondents made sense of the merger in all of the three different ways, but with differing emphasis. Thus, my results coincide with Monin et al.'s (2013) finding that organizational sensemaking in postmerger integration is characterized by polyphony and ambivalence rather than by straightforward compliance or resistance. This

polyphony is evident in Table 4, where I have categorized the themes from my results under Monin et al.'s (2013) sensemaking and sensegiving categories.

Sensemaking	Trigger	Acquirer/Target
Acceptance	4. Change in values	Acquirer
	6. Expectations vs. reality	Both
	7. Perceived equality	Target
Resistance	2. Lack of resources	Both
	3. Communication	Both
	4. Change in values	Target
	5. Trust and labeling as "other"	Both
	6. Expectations vs. reality	Acquirer
	7. Perceived equality	Acquirer
Distancing	1. Reserved understanding	Both
	5. Trust and labeling as "other"	Both
Sensehiding	8. Shielding the staff	Both

Table 4 - Middle manager sensemaking in post-merger integration

As can be seen from the two tables, most of the 8 themes are found under several categories. Only *lack of resources* and *communication* were inherently negative themes resulting in only resistance, *reserved understanding* was a distinctly neutral theme resulting in only distancing as well as *shielding the staff* was clearly a way of sensehiding. I will discuss the different categories and how they manifested in my results below.

7.3. Acceptance

There was not one thing that led to acceptance on all respondents, yet all respondents were accepting to the integration on some regard, even though a very minor one. The acceptance manifested as *buy-in* and *reasoned agreement*, but not in *active support*. This

can of course be a factor of the limitation of the study, as I only had 6 interviewees. It can be that my sample just didn't include anyone who was actively supporting the merger and this could have manifested on other middle managers of the case company. Another possibility is that there was some level of discontent on the process in all the middle managers and therefore no active supporters for the integration. What has to be remembered here is that my study focused on the sensemaking of the post-merger integration, not the merger in general. Some especially acquirer middle managers were supporting the merger itself, but had some issues in the integration and therefore their acceptance was limited to either buy-in or reasoned agreement.

The acquirer middle managers considered the changes in values as a good thing, but on the other hand that was one of the biggest issues that the target side middle managers resisted. The values of entrepreneurship and passion seem like something the middle managers can relate to and that are in unison with their occupational identity, regardless if they mentioned this in their interview or not. For acquirer middle managers the emphasis on those values strengthens their occupational identity and thus encourages them to be acceptant to the merger integration.

The perception of equality gave some solace to target middle managers and helped them get on board with the integration. As the executive team was made with 50-50 representation from both merger parties and the target CEO appointed as the new Group CEO, the target middle managers hoped the values regarding customers and employees they held dear would stay at least somewhat intact. This was not something they actively pointed out, but I believe had it been executed otherwise, they would have expressed much more resistance than they did now.

Forbye, the expectation versus reality related to acquisition experience resulted in acceptance, especially for serial targets, as their prior experiences meant they could expect certain changes to occur. These were found on both acquirer and target side. Furthermore both acquirer and target middle managers agreed that the acquisition experience has led to a smoother integration, as both companies have executed integrations before and know of the steps needed to take in the process. These statements are in line with Sarala et al.'s (2017) findings that serial targets do not necessarily resist changes more than others. Contrarily, having been through post-merger integration already has helped the middle managers make sense of the changes and their standing in the new organization. Moreover, in accordance to Hajro's (2015) findings, they did not identify themselves as much to the Group, but more with their job and their own unit. Therefore, the ownership of the company or the Group name did not matter as much to them. They mainly cared about

how the merger would affect their unit, their own work and that of their employees. Still, the experience wasn't enough to put out resistance on other aspects of the integration.

7.4. Resistance

As with acceptance, all middle managers experienced resistance. The lack of atmosphere of trust and lack of understanding the business were a big part of the middle managers' feelings of resistance to the change. Yet, these examples can be labeled by a mode of resistance Monin et al. (2013) call *disagreement*, not active *opposition* to the changes. Actually, none of the middle managers expressed active opposition to any of the changes brought along by the post-merger integration, they played along, but complained about it in the interviews as well as in conversations to their peers. This is reassuring in the way that the middle managers didn't feel so strongly about the things that were wrong with the integration that they would outright oppose it, but instead voiced their disagreeing views and critique. They didn't like these changes, but did not do anything to actually oppose them.

This could indicate that the resistance is minor and that there is still some atmosphere of trust as the middle managers feel confident in voicing their disagreements and have even given feedback to their superiors in matters that annoy them. This also indicates that the integration is carefully managed (Monin et al. 2013). In co-ordinance with the point on acceptance, though, this can be a sample issue, especially since there had been many middle managers leaving the Group after the merger. The most opposing middle managers might have just left the company, rather than staying and opposing the changes. Or, the interviewees might have self-censored in the interview situation. However, this is all only speculation.

The single unifying theme for resistance was the communication, namely the lack of it. This was the one thing all the interviewees agreed upon and this is also something prior research has proved to be one of the downfalls in merger integration (Vaara, 2003; Epstein, 2005; Drori et al., 2011). Moreover, all of the factors leading to resistance are in line with Balogun and Johnson's (2005) observation that middle-manager resistance stems more from organizational constraints, such as a lack of support and time, which prevent them carrying out the changes asked of them rather than deliberate obstruction.

Communication and the differences in it between the merger partners was also an issue for the middle managers, especially on the target side. As Gioia and Chittipeddi (1991) surmise, to gather and give meaning, individuals engage in gossip and negotiations, exchange

stories, rumours and past experiences, seek information, and take note of physical representations, or non-verbal signs and signals, like behaviours and actions. These actions and conversations can be invaluable to elicit change (Heracleous and Barrett 2001).

The previous values of Royal Restaurants were the biggest concern for the target company middle managers. They have already seen a shift away from the emphasis on quality, employee satisfaction and customer satisfaction and toward efficiency that they feared the merger would bring along, but only time will tell if this emphasis will continue to grow and if the fears will truly come to life. As literature suggests, when people feel the need to make changes to their organizational or occupational identity, they might experience “feelings of threat, resistance, dismay, alienation, hostility, or apathy toward the other organization” (Drori et al., 2011, 629). This is in line with Weber’s (1996) findings, that culture clashes are not automatically disagreements between the differing company values, but are fundamentally conflicts of identity.

The misalignment between ideas of how the integration process would go and the actual process were a source for resistance for many acquiring company middle managers. Because of the similar process in all the previous acquisitions and the fact that this ‘merger of equals’ was essentially an acquisition led the acquirer middle managers to believe that there wouldn’t be much changes for them. Contrarily, because of the special aspects of this merger, there were changes to both sides and in areas where the middle managers didn’t expect.

There was clearly confusion about who is in charge of various aspects of the merger integration process, as Zaheer et al. predicted might happen due to the assumption of equality (2003). In this merger, the notion of balance has been present especially in the beginning of the integration, when management positions were filled and the integration of processes was ongoing. However, as previous research suggests, when the integration evolves, the balance moves to be more a symbol of the initial intention of the merger, rather than a concrete toon (Drori et al., 2011; Monin et al., 2013) However, in this case the notion of balance didn’t buffer objections before and rejection during the integration process (Drori et al., 2011).

7.5. Distancing

Interestingly, my results suggest that middle managers are inherently neutral to the overall process of post-merger integration. There are specific aspects that result in either acceptance or resistance, but the overall process emanate distancing through questioning

and irony. I believe this can be partly because of the many layered role middle managers play in change processes. Middle managers have to engage in extensive emotional labor in order to facilitate change and manage interactions between senior executives and employees (Clarke and Salleh, 2011, ref. Sarala et al., 2017). As middle managers have several roles that are interrelated, they need to remain at a distance to the overall process. During change implementation, middle managers go through: personal change, helping others through change, implementing necessary changes in their departments and keeping the business going (Balogun, 2003). Especially the three latter roles can result in a need to remain impartial to the changes themselves.

Monin et al. (2013) found that distancing increased with time, and it acted as an important catalyst in a shift to another norm of justice. In my results as well, the distancing occurred more when talking about the present situation. When reviewing the past integration process there was more acceptance or resistance present, but the final feelings of the integration included mostly irony or questioning.

Some middle managers also used methods of distancing to separate themselves from the 'others', meaning their merger partner. This means that they do not share or value the experiences, perspectives, and interpretations of the group downgraded to the status of 'Otherness' (Young, 2000). The 'Other' group is seen as deviant, is objectified, devalued and stereotyped. The middle managers compared themselves with the group marked as 'Other', and at the same time distanced themselves from the 'Other', thus rendering the 'Other' invisible (Muthukrishna et al., 2007). Moreover, Laine and Vaara (2007) state that organizational actors can use a certain kind of strategy discourse to endeavor to gain control of the organization, and how others might in turn counter that kind of discourse by distancing to defend their own degrees of freedom and identity.

7.6. Sensegiving

Within this process, there were several kinds of sensegiving present, which were mostly described in the integration story. The most prevalent sensegiving type in the interviews was sensehiding, which the middle managers took advantage of in the theme *shielding the staff*. Vaara and Monin (2010) describe sensehiding as managers actively avoid using particular discourses. In this case, the middle managers were purposefully avoiding to voice their own disagreement with some changes in order to make it easier for their staff to cope with. They used sensehiding to steer away from negative interpretations of the merger integration. They also avoided talking about the reasoning behind some changes, meaning the fact that the changes are mandated by the Group. Instead they tried to bring

the changes along as something positive and new for their staff, engaging in sense specification as well.

Another form of sensegiving was from the top management throughout the whole process. I will not focus on this in detail here, as it is not the focus of the study, however it is important to understand as the process of “dialogicality” implies a dialogue between the middle manager sensemaking and top manager sensegiving (Monin et al. 2013). For example the fact that the company changed its name to a completely new one was a form of sensegiving. According to Drori et al. (2011) selecting a new name is a symbol of equality, since it doesn’t communicate a preference of one organization over the other, as it would have if it had included components of either of the merged companies’ names. Moreover, the focus on the entrepreneurial spirit and passion is a way to steer the conversation to what unifies the merger parties and away from the differences. They are trying to create a new order in the form of a guiding vision and new meanings for organizational members (Maitlis and Christianson, 2014). As Balogun and Johnson (2005) suggest, managing change might be more to do with top managers making efforts to deliver clarity of purpose, expected outcomes and boundary conditions, and a shared understanding of these, rather than trying to manage the details.

7.7. MM sensemaking in PMI

In my theoretical framework, I aimed to show how M&A context including deal structure, acquisition experience and cultural distance as well as the PMI management of integration depth and speed, communication, culture, identity, trust and perceived equality affect the sensemaking of middle managers and sensegiving of top and middle managers. I categorized the sensemaking into acceptance, resistance and distancing and the sensegiving into sensebraking, sense specification and sensehiding using Monin et al.’s (2013) framework. I also expressed how the sensemaking of organizational members is affected by the sensegiving and vice versa.

Coming back to that theoretical framework, I highlighted in the following Figure 6 the aspects that emerged from my results. Cultural distance as well as the management of culture did not come up as much as I had anticipated in my framework. Cultural aspects emerged from the results mainly in their connection to the identity of the middle managers. Moreover within the sensegiving of middle managers, sensehiding appeared to be the prevailing theme, with little to none of the other forms of sensegiving. Contrarily, all three forms of sensemaking were very much present in the results.

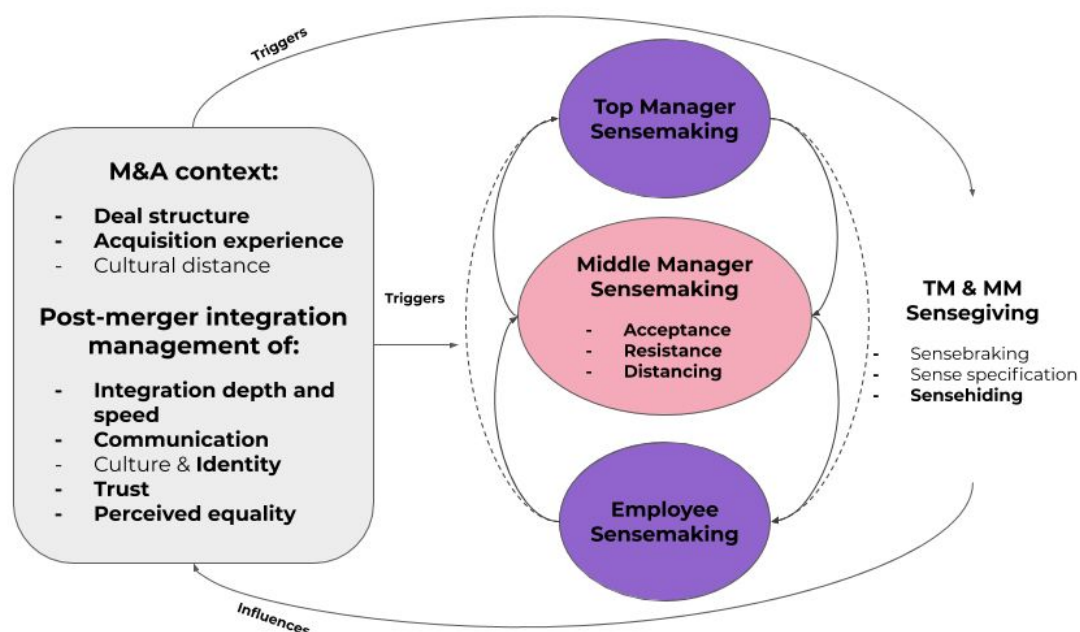


Figure 6 - Findings compared to theoretical framework

Bryant and Stensaker (2011) called for more understanding of the various micro-social interactions in which middle managers are constantly engaged in with others, and how these are shaped by macro-organizational factors. In my study, I looked at how the macro-organizational factors affect middle manager sensemaking and found that in fact they act as a trigger to sensemaking, consistent with Balogun and Johnson's discoveries (2004, 2005) as well as with the practice approach, where strategic processes trigger intense emotions in organizational members (Brundin and Liu, 2015).

Although my study didn't focus on M&A performance, I made the argument that the PMI process is an important factor in determining integration success. Therefore I will briefly assess the outcome of the integration process so far from qualitative socio-cultural measures most relevant to my study. Regarding integration outcomes, the case in question has been relatively successful, when looking at the entirety of Zollo and Meier's (2008) measures. The integration process performance, meaning the alignment of operations and systems, HR integration and transfer of best practices and capabilities all came up in my results as aspects that have been completed within the PMI process. Moreover, the results indicated positive results also in customer retention, even though the former target middle managers did fear for deterioration in that aspect in the future. Moreover overall acquisition performance meaning, among others, stand-alone cost improvements, eliminations of duplicated fixed costs, creating new products and creating entirely new

businesses have all manifested in my results, therefore that measure can be deemed positive as well. What is not successful is the employee retention, as the middle managers report that many of their colleagues and staff have resigned due to the merger. To conclude, the overall qualitative assessment of the merger at this point in time is successful, but even Zollo and Meier's (2008) measures prefer a 2 year time span, when the results of the merger are more clearly visible.

7. Conclusions

In this chapter, I will conclude my thesis by first revisiting the initial position of this study, the identified research gap and the formulation of the research question. The goal is to answer the research question with the findings that arise from the study. In addition, I will discuss the theoretical contribution of the study, as well as the implications for managers and practitioners. I will finish with evaluating the limitations of this study and give suggestions for future research.

7.1. Summary and Theoretical Contribution

The starting point of this thesis was that middle managers are both recipients and deployers of the plans designed by their seniors and cope with the changes brought on by the merger through sensemaking activities. In order to fully understand how change develops and is eventually implemented throughout the organization, we need to understand how managers outside the senior management react and respond to top-down change plans.

There is still a lot to be understood on the strategic role of people outside of top management, even though studies on the topic are increasing. We still do not understand enough of the processes organizational members go through in merger integration and especially how specific characteristics of a merger deal are perceived by employees and how these characteristics shape their attitudes and reactions. Many studies focus on only the acquirer side and regard M&As as something that simply happens to the target, ignoring the important contributions both the acquirer and the target company have on the overall understanding of the phenomena. Moreover, most of the M&A research concerns strategy and is done with quantitative methods, leaving the need for more research on M&A processes through qualitative research methods.

My research question was: *“How do middle managers make sense of the post-merger integration process?”* To answer this question, I focused on the implementation process of a merger and the human aspect of sensemaking. I examined a range of factors in the integration process (i.e. acquisition experience, deal structure and PMI management) to understand the different M&A integration characteristic that might affect middle manager

sensemaking. I dedicated a special section in my review of both M&A integration and sensemaking literature for the special role middle managers play in the phenomena.

My study contributes to our understanding of middle manager sensemaking through an in-depth case study using empirical data from a single case. The empirical material includes six qualitative interviews, three from each side of the merger, meaning the acquirer as well as target. The interviews were conducted 9-11 months after the merger announcement and 7-9 months after the merger deal was finalized, depending on the time of the interview.

The data reveal 7 different triggers for middle manager sensemaking and one trigger for sensegiving: 1. *Reserved Understanding*, 2. *Lack of Resources*, 3. *Communication*, 4. *Change in Values*, 5. *Trust and Labeling As "Other"*, 6. *Expectations vs. Reality*, 7. *Perceived Equality* were the sensemaking triggers and what triggered sensegiving was 8. *Shielding the Staff*. I then compared these inductive themes to my theoretical framework, which included M&A context and integration management factors that act as sensemaking triggers as well as Monin et al.'s (2013) sensemaking categories.

This case illustrates that middle manager sensemaking in post-merger integration is characterized by polyphony and uncertainty rather than by straightforward compliance or resistance. This is consistent with previous research (Piderit, 2000, Sonenshein, 2010, Monin et al. 2013). All of my interviewees displayed all of the three characteristics of sensemaking: acceptance, resistance and distancing in their sensemaking regarding different factors of the integration process.

However, their acceptance and resistance were somewhat neutral and passive, they didn't engage in the more drastic forms of neither acceptance, meaning active support nor resistance, meaning active opposition and they also used distancing to take separate themselves from the situation or the other merger partner. I speculated that this could be a sample issue or self-censorship due to the interview situation, but I believe it has more to do with the middle managers' position in the middle of the organization and the many roles they have to embody. In addition to dealing with the change personally, they have to help others through change, implement necessary changes in their departments and keep the business going (Balogun, 2003). This can leave them between a rock and a hard place and therefore taking distance from the change and staying neutral in their sensemaking can be beneficial and help them cope with both the changes themselves as well as their roles in change.

The aspects that elicited the most drastic reactions from the middle managers were changes that threatened their organizational or occupational identity. Due to the acquisition experience of the companies involved as well as their values of entrepreneurial passion, the middle managers had a strong occupational identity as opposed to identifying themselves to the parent company. For former Royal middle managers their occupational identity was strongly related to the quality of their products and services and for former Restamax middle managers their organizational identity was strongly related to the acquirer identity of the Group and how as a big player they can call the shots as well as an occupational identity of being independent and knowledgeable of things concerning their own unit. The name or ownership of the group did not matter as much to them as did the specific aspects of their work that made them proud. Therefore it can be concluded that in post-merger integration middle managers make sense of the situation in many different ways, tend to remain neutral to the overall process, but are very adamant on aspects that threaten their identity.

7.2. Managerial Implications

Communication was the one item middle managers hoped would be most improved. What's comforting, however, is that the issues middle managers had with communication were something that the case company can improve on, even quite easily. The interviewees listed several items that they feel would help with the resistance they feel concerning communication and these suggestions can be relatively easily implemented. These items are listed in the empirical findings section.

The most important trigger for resistance for target middle managers was the change in values. Values on customer and employee satisfaction were a big part of their occupational identity and top management should tread lightly if they wish to avoid this disagreement from turning into opposition. Identity was also a big trigger for resistance on the acquirer side as their organizational identity of an industry giant and powerful serial acquirer wavered due to the equality of this merger. As the executive team is building new values, they should take the values that are most important to the identity of their staff into consideration by emphasizing the unifying values even more and not getting totally rid of the values some middle managers base their identity upon.

Based on the findings of my study, managers should take the occupational and organizational identity of the organizational members into account when planning communication about the merger integration. There is never enough communication and

communication is a vital element of effective organizational identity management (Balmer and Dinnie, 1999). As my findings indicate, when the occupational identity is strong compared to the organizational identity or when the organizational identity is more tied to the unit or subsidiary rather than the group, which is common in serial targets, top management doesn't need to focus on building a unified organizational identity rather than to let the separate identities be and nourish the diversity.

My findings also suggest that instead of a one-size-fits-all approach toward communication, managers should tailor their communication to different groups of employees according to the context of the deal and their position in the organization. As there were as many similarities in the sensemaking of the acquirer and target as there were differences, the target-acquirer distinction is not perhaps the most beneficial dimension, but instead hierarchical level, functional specialization, or subunit could be good ways to distinguish how communication is executed. Communication efforts addressing the specific conditions of each subgroup can be especially useful in reducing uncertainty (Marmenout, 2010). Due to their particular role versus other hierarchical levels in the organization (Meyer, 2006), middle managers crave more information as they will be the ones who have to answer questions by other stakeholders.

7.3. Limitations

In terms of limitations for my thesis, I should mention the following. First, I my thesis uses a single case study analysis. Multiple case studies offer a more substantial base for theory building (Yin 1994), since conclusions obtained from several cases are more profoundly grounded in diverse empirical evidence (Eisenhardt 1991). However, I have provided a thick description of the case setting so that readers can better evaluate how well my findings could fit other settings, in line with Lincoln and Guba's suggestion (1985). Second, the case takes place in the Finnish restaurant industry and is influenced by its context. Finland has a low-hierarchy, high trust society, that most certainly will show in the results. Had this study been conducted in a high hierarchy, low-trust culture, the results could have been very different.

My role in this study extended from the role of a researcher as I was employed by the case company. Therefore my history can result in some bias. I covered this in the methodology chapter and took steps to remain neutral in the interviews, but it of course can have an impact on my results. An entirely outside researcher could have gotten differing results from my research setting. However, my role also gave an extra layer to my research as I was able to utilize my knowledge in building the integration story.

Thirdly, the interviewees of this study were 6 middle managers of the case company, 3 from the acquirer side and 3 from the target. The amount is relatively small, but in a case study the amount per se is not a decisive factor. A qualitative research work emphasizes understanding of complex phenomena, not measuring them. The resulting conclusions can therefore form a set of hypotheses that can be complemented, for example, by quantitative studies. The conclusions of the study are based on the experiences of the particular interviewees in this particular context and had it been done in another type of organization the research could have produced different types of conclusions. Nonetheless, the conclusions of this study could be used as hypotheses for similar studies in other environments.

7.4. Suggestions for Future Research

Like much of the M&A and sensemaking literature I draw on in this thesis, my research examined middle manager sensemaking in only one organization and in one set of contextual factors. However, the patterns I uncovered in middle manager sensemaking could exist in other M&As involving similar characteristics. This is a study of a merger between two Finnish companies. By using a similar research design and looking at the processes of integration between companies from different countries or different context, future research could provide new insights into the dynamics of post-merger integration process.

This study was conducted in one point in time, in the midst of the integration process with only the interviewees memories to rely on concerning the feelings and experiences they have had throughout the process. Future studies could follow the same individuals for longer periods to gain longitudinal data and how middle managers' sensemaking might change along the integration process. Moreover, the final interviews could be done long after the merger has been implemented to understand the ultimate end results of the changes and how they have affected the middle managers' sensemaking.

Furthermore, in the early phase of my thesis process, I had an intention to study the sensemaking of the middle managers prior and after top manager sensegiving, but in the end that was not possible as there weren't any possibilities of observing the sensegiving in the time period of my study. This could therefore be an interesting avenue for future research.

In short, there is still much to be learned from human aspects, such as sensemaking in post-merger integration. M&As represent a compelling strategic option for organizations and it will continue to be a prevalent option to obtain growth around the world. Therefore, a better understanding of the causes of post-merger outcomes will reduce the risks and improve the management of M&As to the benefit of both those directly involved and the economy in general.

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Appendix 1 - Interview questions

Interviewee background

- What do you do?
- How long have you worked in the company?
- What is your role in the integration?

Initial reactions

- When and How did you first hear about the merger?
- What was your initial reaction to the merger? How did it make you feel?

Feelings on the way

- Describe in your own words how the integration has progressed? (What phases it has gone through?)
- Has the process been going smoothly? Or have there been some "hiccups"?
- What feelings have you gone through throughout the course of the integration?

Effects on work

- Has the merger affected you personally?
 - Do you do the same job? Are the tasks, responsibilities the same? What about opportunities for career growth?
 - What thoughts do they bring up?
 - Who has made the decisions on those changes? Who has been involved in the planning?
 - When have you found out about the changes?
- What about your staff?

- How do you see your role within the new organisation?
 - Has it changed?

Information circulation

- How have you been informed of decisions considering the merger?
 - How did that make you feel?
- What have been the most important information sources regarding the changes brought by the merger?
- What has the top management told you / informed about it?
 - How?
- Have you heard rumours circulating considering the merger?
 - How did they make you feel?
 - Have they turned out to be true?

Positive and negative sides

- What do you think about the merger now?
- What has been done well in the integration?
 - Why is that good?
- What would you change in the integration process? Or other aspects?
 - Why?